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Canada. Marine and Fisheries
Commissioner to investigate the Department of

INVESTIGATION

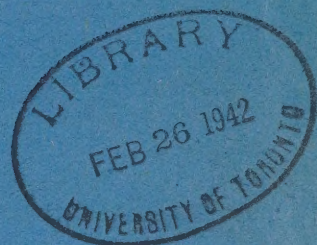
RE

DEPARTMENT OF MARINE AND FISHERIES

BEFORE THE

HON. MR. JUSTICE CASSELS

PART VI



OTTAWA

PRINTED BY C. H. PARMELEE, PRINTER TO THE KING'S MOST
EXCELLENT MAJESTY

1933

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INVESTIGATION

RE DEPARTMENT OF MARINE AND FISHERIES

RESUMED BEFORE

THE HON. MR. JUSTICE CASSELS

AT OTTAWA, DECEMBER 16, 1908, AT 10.35 A.M.

Dr. CHARLES MORSE, K.C.,

Deputy Registrar, Exchequer Court of Canada,

NELSON R. BUTCHER & Co.,

Secretary.

Official Stenographers.

GEORGE H. WATSON, K.C., and J. L. PERRON, K.C., appear as Counsel assisting in the investigation.

Senator CHOQUETTE appears on behalf of Mr. Gregory.

J. M. GODFREY appears on behalf of Mr. J. F. Fraser.

Mr. WATSON.—My lord, I desire first this morning to ask a few questions of Mr. Spain.

O. G. V. SPAIN, Sworn:

By Mr. Watson:

Mr. WATSON.—I may state further to your lordship that it will be necessary that Mr. Spain should attend later on. I propose to ask a few questions now with regard to one particular matter and not to make the examination at the present day cover other matters that will necessarily be referred to.

Q. Mr. Spain, you have before I think defined your duties in the Department. Would you again shortly state what you conceive your duties to be?—A. At the present time?

Q. During the period say in 1904. I prefer you should refer to that period.

Hon. Mr. CASSELS.—Prior to Admiral Kingsmill's appointment.

Mr. WATSON.—Yes, my lord.

Q. Well, take the year 1904?—A. You mean what, in regard to work I was doing on account of the Department.

Q. What were your general duties, if you please?—A. I was Commander of the Marine Service, I was Commander of the Canadian Cruisers, I was in charge of the Fisheries Bureau, I was a member of the Lighthouse Board, and I was Commissioner of Wrecks and in charge of the St. Lawrence Pilotage.

Q. Yes. Then what, if anything did you have to do in connection with the performance of contracts?—A. I did not have anything to do with contracts.

Q. Or with the performance of work by contractors?—A. I had nothing to do with making out the contracts.

Q. You had nothing to do with the making out of the contracts; but with the performance of the contracts, that is the work that was to be done?—A. On vessels, do you mean, on ships?

Q. Yes.—A. No, I would not have anything to do with that, I would not know about it.

Q. You would not know about it, you would not have anything to do with it?—A. No, I do not think so. There would be an inspector to look after the machinery and hulls.

Q. Yes. Now, you are acquainted with the Polson Iron Works Company?—A. Yes.

Q. Or partnership at Toronto?—A. Yes, sir.

Q. What did you have to do with that company in connection with the performance by the company of its contracts?—A. I don't think I had anything to do.

Q. Nothing to do?—A. I would not inspect the vessels; there was a hull inspector and a steamboat inspector. When the specifications would be first sent in I would look them over and see if they came up to the ideas.

Q. That is exactly the information I want to get from you. You say when the specifications would come in then it would be your duty to supervise them?—A. No; to look them over as far as I possibly could.

Q. Yes. Who would prepare the specifications?—A. I was not aware. I expect—

Q. When would they first come to your attention?—A. When they came to the office.

Q. When they came to the office?—A. Yes.

Q. Who would bring them to your attention?—A. Oh, they would be sent in from the correspondence branch.

Q. From the correspondence branch?—A. Yes.

Q. Sent to you?—A. I should think so.

Q. Sent to you for what purpose?—A. As commander of the service.

Q. What would you have to do in regard to those specifications?—A. I would look them through.

Q. For what purpose?—A. Well, to see that they came up to my idea of what the ships should be.

Q. I see, that is it.—A. But I would not know—

Q. To see if they, in your opinion, met with the requirements?—A. To see if in my opinion they met the requirements. As far as I can tell my duty would be simply to say, if you are talking about ships, what the ship was wanted for, what the length of the ship was to be, what the breadth of the ship was to be and her speed.

Q. Then you would follow that by making a recommendation?—A. I would follow that by making a recommendation.

Q. In writing?—A. In writing that a certain ship was required.

Q. So that you would make a recommendation in writing to whom?—A. To the minister. I don't make a recommendation; it is a memorandum.

Q. I suppose that is the same thing?—A. No, I don't think it would be the same thing.

Q. It would be in writing?—A. It would be typewritten I presume.

Q. That is the same thing. And that memorandum would contain reference to the cost?—A. Oh, I should think so, Mr. Watson. I don't remember the particular one you are talking about.

Q. What one have you in mind now in regard to the Polson Iron Works?—A. I don't know which one you mean at all.

Q. Well, will you name those that were constructed or rebuilt by them?—A. Well, I think the *Petrel*, the *Constance* and the *Curlew*.

Q. The *Petrel*, the *Constance* and the *Curlew*?—A. And the *Vigilant*.

Q. And the *Vigilant*?—A. Yes; and the *Lurcher* and the *Anticosti* I think.

Q. Oh indeed, the *Lurcher* and the *Anticosti*. There was a very large amount of work done by them apparently?—A. Yes. I think that is in the last 18 years.

Q. Well, let us take, if you please, the beginning of 1904. What has been done by them since the commencement of that year, the *Petrel*?—A. No no, the *Petrel* was built in '91.

Q. 1901?—A. No, 1891.

Q. Yes.—A. I think the only thing I remember is the *Vigilant*.

Q. The *Vigilant*.—A. The *Petrel*, the *Curlew* and the *Constance* were built in '91 and '92.

Q. Yes. Now then, in connection with the performance of work on the *Vigilant*, that, I understand you to say, was in 1904?—A. I think 1904 or 3.

Q. Yes, 1903 or 4. Then I observe from the records here that at all events there was a large amount of repairs done to the *Petrel* in 1904 and 5. Do you recollect that?—A. Yes.

Q. You recollect that now?—A. I did not say I did not recollect. The *Vigilant* took the *Petrel's* place when the *Vigilant* was built, and the *Petrel* had to go down to salt water. She went down to the sea coast to take a vessel's place called the *Kingfisher*.

Q. Now, in 1904 in connection with the work done there it was necessary for you to be at the works off and on, I understand?—A. Not very often. We had a resident inspector that stayed there all the time.

Q. Who was he?—A. I think Inspector Stephens.

Q. Stephens?—A. I am not quite certain whether Stephens or Schmidt, but one of them.

Q. Is that Mr. C. Thomson Schmidt?—A. Yes.

Q. Is he present—no, he is not here.—A. But I am not at all sure, it was his predecessor or himself.

Q. You were there how often, once a week on an average during 1904?—A. No.

Q. Once a fortnight perhaps?—A. No, I should not think I was there once a fortnight.

Q. You think perhaps not once a fortnight?—A. I should not think so.

Q. Not once a fortnight?—A. Not nearly as often, I should not think so.

Q. Then when you would be there on those occasions, say once a fortnight or so—perhaps not so often as that, you state—would you make some inspections to see what was going on?—A. I would go on board the ship and speak to the inspector.

Q. Yes, go on board the ship and speak to the inspector. That was in the course of the performance of your official duties?—A. Oh yes. I should naturally, as commander of the service I would want to see how the ship was getting on.

Q. Quite so. So what I want to be clear about, if possible, is that you were there in connection with the performance of your official duties?—A. When I would go there?

Q. Yes.—A. Oh yes, certainly.

Q. I do not suppose there would be any doubt about that, you were not idling?—A. No.

Q. You were not playing about. Of course, it was a matter of official duty that took you there. And during that year your visits were about as you mentioned. How about 1905, about the same?—A. No, no.

Q. Well, the *Aberdeen* they had a great deal to do with, you recollect that?—A. I think that was in 1904, but probably—

Q. You think so?—A. I am not sure. I think possibly it might have been 1903.

Q. I see. Well, then, do you recollect, apart from what you have already stated, whether you signed the accounts, some of them? Let us see what your recollection is, please.—A. No, I have not any recollection. I think it is possible, though I do not recollect.

Q. You think it is possible you certified the accounts, I see.—A. To some accounts.

Q. Yes, to some accounts. Whom did you meet there, that is, come in personal communication with?—A. At the works?

Q. Yes. Mr. Miller?—A. No, Mr. Polson.

Q. That is, Mr. Frank Polson?—A. Mr. Frank Polson.

Q. And?—A. Mr. Redway. He is a naval architect.

Q. Yes?—A. That is about all, I should think.

Q. Did you meet Mr. Tindall?—A. Mr. Tindall. I do not remember his name at all. Tindall, what was he?

Q. Well, I want to know whether you remember?—A. In connection with the works, do you mean?

Q. Yes, and did you meet Mr. Jeffrey?—A. Oh yes. Wait a minute.

Q. Yes.—A. Yes, there is no doubt I met him.

Q. You met him quite frequently?—A. I did not say frequently.

Q. You met him at all events and you met Mr. Polson. Now, Mr. Spain, on how many occasions did you receive money from the Polson Iron Works Company or for some one connected with that company?—A. Well, the time I received anything from the Polson Iron Works was—

Q. How many times?—A. Once.

Q. Just try and think?—A. I am thinking. Once.

Q. Once?—A. Once.

Q. And you know of once?—A. Yes.

Q. How much did you receive on that occasion?—A. If you will let me explain?

Q. Tell me the amount please. Then we will get to it in the regular way.—A. \$500.

Q. \$500 you received. About what date was it you received that sum?—A. I should think it was in August, 190—no, some time in the summer of 1904.

Q. Some time in the summer of 1904. Yes, \$500. Have you repaid that sum?—A. The money was given—

Q. Have you ever?—A. I gave it straight back, the whole thing.

Q. Just wait, please.—A. The whole \$500.

Q. Have you ever repaid that sum?—A. Certainly.

Q. To the company?—A. I don't know to the company.

Q. Eh?—A. To Mr. Polson.

Q. To Mr. Polson?—A. If you will allow me—

Q. We are coming to it.—A. You don't give me a chance. I want to explain the whole matter.

Q. I am coming to it. I am just getting the premises, and you will have the fullest opportunity in the world to explain. You received it sometime in the summer of 1904. Where were you when you received it?—A. I was in British Columbia.

Q. In British Columbia. Who gave it to you there?—A. I got it from the bank.

Q. What bank?—A. The Bank of Montreal, I think so.

Q. How did the Bank of Montreal happen to have \$500 to give to you?—A. Because I drew for it.

Q. You what?—A. I drew for it

Q. That is you put in a draft?—A. No, I drew on Mr. Polson for it.

Q. You drew on Mr. Polson?—A. Yes.

Q. Did you put in a draft?—A. I don't know, I am sure.

Q. Did you wire Mr. Polson?—A. Yes, I did.

Q. You did. You sent him a telegram?—A. I sent him a telegram.

Q. Asking him to send you \$500?—A. Yes; for a specific reason.

Q. Yes, asking him to send you \$500. He sent it?—A. Yes, he sent it.

Q. Through the bank?—A. Through the bank.

Q. And you received it. You have books?—A. What sort of books?

Q. Books of account?—A. I have nothing about that in the books.

Q. I did not ask you whether you have anything about that or not. You have books of account?—A. Note-books.

Q. Books of account, memorandum books in which you make entries?—A. No, I have not.

Q. Eh?—A. No.

Q. What?—A. No.

Q. No books of account of any kind?—A. No.

Q. When you receive money, do you make entries of it in any book?—A. No.

Q. Eh?—A. No.

Q. You do not make any entries of it?—A. No, I do not.

Q. Say you received \$1,000 at a particular time to deposit in the bank?—A. I suppose I might and I might not.

Q. At all events, you have a bank account?—A. I have a bank account, yes.

Q. And you use the bank account by means of cheques?—A. Yes.

Q. And you have got the cheques?—A. No, I have not got the cheques.

Q. No?—A. No, I have not got the cheques.

Q. You have not got the cheques?—A. I suppose the bank has got the cheques; I never had them.

Q. What bank is it?—A. The Bank of Montreal.

Q. The Bank of Montreal. That is here in Ottawa?—A. Yes.

Q. So they have your bank account and they have all the cheques?—A. I don't know whether they have all the cheques; I have not.

Q. Have you ever received any?—A. No.

Q. They have never returned you the cheques?—A. No.

Q. So the cheques should be there. You will be able to get them no doubt from the bank?—A. I presume so.

Q. Will you be kind enough to do so after we get through?—A. Yes.

Q. Then you have your cheque books, the stubs of the cheques, the bank does not get those?—A. I have never had any of the stubs.

Q. You have never had any of the stubs?—A. No.

Q. Why not?—A. I don't know why not. I never kept the stubs, I never write on the stubs.

Q. You never entered in the margin of the cheque-book on the stub?—A. No.

Q. You just wrote out a cheque and tore it out, kept no record; is that right?—A. That is right in the bank. The bank kept the record no doubt. That I thought was good enough.

Q. I see, that you thought was good enough. So you have kept no record, not even in the cheque-book stubs?—A. I have not any records.

Q. Of what moneys were paid?—A. No.

Q. You say you repaid the money, when did you repay it?—A. Can I tell the story now?

Q. No. Just tell me now the date.

By Hon. Mr. Cassels:

Q. You will have the fullest opportunity later to explain.—A. When I came back to Toronto—

By Mr. Watson:

Q. What date was it?—A. Probably September or October, I think.

Q. September or October, you think?—A. Yes.

Q. Whom did you pay?—A. I paid Mr. Polson.

Q. Which Mr. Polson?—A. Mr. Frank Polson. I did not know there was any other Mr. Polson.

Q. Wait, please. Where was he and where were you when you repaid him?—A. It was in his own house.

Q. In his own house?—A. Yes.

Q. What day?—A. I could not remember.

Q. What day of the week?—A. I could not remember the day of the week. I think it is possibly a Saturday.

Q. What time of the day?—A. It was sometime in the afternoon.

Q. Sometime in the afternoon?—A. Sometime in the afternoon. (Nodding.)

Q. The reporter cannot get down the nod. Sometime in the afternoon. Who were present at that time?—A. Nobody.

Q. How much did you pay him?—A. \$500.

Q. In what form?—A. In exactly the same way as I got it out of the bank in Victoria, in notes.

Q. In what form did you repay it?—A. In notes.

Q. Bills?—A. Yes.

Q. What denomination?—A. Some big, some small. I do not think any smaller than twenty.

Q. You think none smaller than twenty?—A. Yes.

Q. Have you any recollection?—A. Yes. I think none smaller than twenty.

Q. Eh?—A. I say none smaller than twenty as far as I remember.

Q. What bank bills were they?—A. Bank of Montreal bills.

Q. Bank of Montreal bills?—A. I think they were. I got them from the Bank of Montreal.

Q. Did you get a receipt from Mr. Polson?—A. No. I did not give him any receipt and he did not give me any.

Q. Where did you get the money you repaid to him?—A. I got it in the Bank of Montreal, Victoria, British Columbia.

Q. Yes. But you wired him to send you \$500 there?—A. Exactly, and I got it there.

Q. Eh?—A. Exactly, and I got it there.

Q. You got it Victoria, British Columbia?—A. Yes.

Q. At the time you telegraphed for it you needed it, of course?—A. I needed it for his purposes.

Q. For his purposes?—A. Entirely for his purposes.

Q. Entirely for his purposes?—A. Yes, entirely.

Q. Yes. Then you were attending to his business?—A. I was not attending to his business particularly.

Q. Well—A. You won't let me tell you the story.

Q. Well, just say for what purpose you got it.—A. I got \$500 for the purpose of buying some property at Fort Simpson, which was supposed to be the terminus of the Grand Trunk Pacific Railway, and we were proposing to go up to Fort Simpson.

Q. Who was proposing to go up there?—A. The people I was with, Mr. Prefontaine, the minister.

Q. Yes.—A. And when I went through Toronto Mr. Polson proposed to me if going to Port Simpson he thought there might be an opportunity to buy some property for him up there. I said, 'yes.' He wanted to give me some money at the time, and I said, 'Wait and see if we are going to Port Simpson. If we are, I will telegraph you.' When in British Columbia the minister said he thought we would make the trip, so I telegraphed to him and asked him to send me \$500—he proposed to give me \$1,000 when in Toronto to buy this land—I told him to send me \$500 as we were going up to Port Simpson. As a matter of fact we did not go.

Q. You did not go?—A. We did not go to Port Simpson. We came back, and on my reaching Toronto I gave Mr. Polson back the money in the envelope I got it in. That was all I had to do.

Q. Yes. You never used any of the money?—A. I never used any of the money. I think the probabilities are it was exactly the same as I got it from the bank.

Q. The probabilities are that it was exactly the same. It might not have been?—A. No. I think it was, there is no doubt it was. I say it was.

Q. You spoke of probabilities?—A. I say it was the same.

Q. Why do you strengthen?—A. Because I remember putting it into the envelope, and I gave him the envelope with the money in it back again.

Q. The same envelope?—A. The same envelope.

Q. So that meantime you kept that in your pocket?—A. No, I did not.

Q. Where did you keep it?—A. In my despatch bag.

Q. The same envelope with the same bills in it?—A. The same envelope, the same money.

Q. The same bills, do you say that?—A. I say the same bills I got out of the Bank of Montreal, Victoria, I returned.

Q. You see, the reason I ask you a second time, Mr. Spain, is manifest. You said a little while ago it was probably so?—A. I say it was distinctly. I should not have used the word probably.

Q. I see, you should not have used that word. Mr. Polson was an honourable gentleman?—A. Thoroughly I think.

Q. Eh?—A. Thoroughly.

Q. Thoroughly so?—A. Yes.

Q. You recollect a telegram was sent to the company?—A. No.

Q. Do you recollect about that?—A. To the company?

Q. Yes.—A. No, it was not sent. As far as I remember it was to F.—

Q. Can you say definitely?—A. I cannot say definitely. I think it was four years back. I think it was addressed to F. Polson.

Q. But you cannot say definitely whether sent to F. Polson or to the company?—A. I would say most distinctly to F. Polson. I would not likely send it to the company.

Q. You would not likely?—A. No.

Q. Then how long between the date of the receipt and the date of the occasion you speak of when you saw Mr. Polson at his house—let us have the length of time, please?—A. Well, as far as I can get at it I think about a month.

Q. A month?—A. I think a month

Q. You said the summer and then you said September or October. That would be three months?—A. It could not be three months.

Q. Well?—A. I think I went out in July, as far as I remember, and came back in September.

Q. And came back in September?—A. Yes.

Q. That would be two months?—A. I could not say two months. Perhaps only six weeks, it might only have been only five weeks, but I think about six weeks.

Q. I see. And during the whole of that time you kept the money in the envelope?—A. In the despatch bag. No, I did not keep it the whole of the time. I kept it from the time I drew it out of the bank until I gave it back again, but it was not six weeks.

Q. But I say during the whole of the time you kept it in the envelope?—A. In the despatch bag.

Q. In the envelope?—A. In the envelope in the despatch bag.

Q. In the despatch bag?—A. Yes.

Q. Did you write any letter to Mr. Polson?—A. I forget.

Q. Eh?—A. I forget.

Q. Oh, I see.—A. I forget entirely whether I wrote a letter. I remember sending him a telegram though.

Q. Do you recollect writing any letter after that about it?—A. No.

Q. You do not, eh?

By Hon. Mr. Cassels:

Q. Who was going to Fort Simpson?—A. The minister.

Q. The terminus of what?—A. The Grand Trunk Pacific at Fort Simpson on the Pacific Coast north of Victoria.

Q. Do you know that was as far back as 1904?—A. That was in 1904.

By Mr. Watson:

Q. So, according to the statements you have made, if you went to Fort Simpson—A. Port Simpson.

Q. You were going to do him the favour of making an investment?—A. Certainly that was my intention if I went to Port Simpson. This can be all corroborated rather luckily.

Q. What do you refer to?—A. Because my brother was there at the time and he proposed to give me some money to do the same thing.

Q. So your brother offered you some money to invest. When did you see him, when you met Mr. Polson at his house?—A. No. My brother was in British Columbia when I told him all about it.

Q. Eh?—A. I told him all about it.

Q. You told him all about it, yes.—A. And he proposed to do the same thing.

Q. What is that?—A. He proposed to do the same thing.

Q. Then how often afterwards did you discuss the same matter with Mr. Polson?—A. Not at all.

Q. Eh?—A. Not at all. After I came back?

Q. Yes.—A. Not at all.

Q. Not on any occasion?—A. That was the end of the thing. We could not get the property as I did not go, and that was the end of it.

Q. But afterwards did you discuss the matter with him on any occasion?—A. I expect I told him.

Q. You are not sure?—A. I no doubt did tell him about it.

Q. Why do you say you expect and you have no doubt?—A. I don't remember.

Q. You do not remember, I see. How long were you with him at the interview in the house on Pembroke Street when you say you handed back the money?—A. I did not say on Pembroke street. As a matter of fact I think it was on Pembroke.

Q. That is where he resided, I think we know that. How long were you there in the house?—A. As far as I remember I think I had lunch there.

Q. Eh?—A. I think I had lunch there.

Q. How long were you in the house?—A. It is very hard to remember after 4 or 5 years ago.

Q. Yes, it might be so. About how long were you there?—A. Oh, I should think about two hours.

Q. About two hours?—A. It might have been three and it might have been an hour and a half.

Q. You were in the habit of seeing him there often?—A. I would see him when I went to Toronto if he was there.

Q. Were you in the habit of going to his house?—A. Yes, quite often.

Q. Quite often?—A. Quite often.

Q. And talking over business matters there?—A. No, I don't think we ever talked business in his home.

Q. You don't think you did?—A. No.

Q. Where did you talk business matters with him?—A. If I was in the yard.

Q. Or in his office?—A. Or in his office down at the works.

Q. Eh?—A. Down at the works.

Q. You were there very frequently?—A. I did not say I was very frequently in in his office.

Q. About once a fortnight?—A. No. I said perhaps not once a fortnight.

Q. That was as near as we could get to it?—A. Yes.

Q. You are not wanting to challenge that, I suppose, what you said before? Then were you in the habit of doing or suggesting to do personal favours in that way for others?—A. I did not suggest it to him; he suggested it to me.

Q. Were you in the habit of doing personal favours or attempting to do personal favours for people with whom transactions were pending in the department? That would occur sometimes, I suppose?—A. No, I do not think it would, and I do not remember any other occasion.

Q. You do not remember any other occasion. That is, with him?—A. Or with anybody else.

Q. Or with anybody else?—A. No, I don't think so.

Q. That just stands out by itself as the one occasion?—A. Of doing things like that?

Q. Yes.—A. That is the only time I attempted to buy land in Port Simpson.

Q. Yes. I am not speaking about buying land. There might be many other ways in which you could do personal favours to people?—A. I don't remember any other occasion on which I tried to do personal favours.

Q. You do not remember?—A. No. I do not know, I would not have done personal favours if asked, but—

By Hon. Mr. Cassels:

Q. Was this a syndicate?—A. No, it had nothing to do with me. I was not going to have anything to do with it at all. It was simply a matter with Mr. Polson himself, who proposed to get land if I went to Port Simpson. My brother was in there at the time and he knew all about it and he proposed to give me money. They were not connected in any way.

Q. Each on his own?—A. My brother did not give me any money, I did not go.

Q. Mr. Polson was buying alone?—A. As far as I know. I had nothing to do with it.

Mr. WATSON.—You would not object to take an interest in it if he gave it to you?—A. I think I would.

Q. You would?—A. Yes. I did not think the scheme was up to much anyhow.

Q. You did not think much of it?—A. Yes.

Q. You had your doubts about that being the terminus?—A. I had pretty grave doubts. I do not know it is the terminus yet.

Q. That will do just for the present, if you will kindly remain.

WILLIAM B. TINDALL, Sworn.

By Mr. Watson:

Q. Mr. Tindall, I understand you are the treasurer of the Polson Iron Works?—A. Yes.

Q. Is that an incorporated company?—A. At the present time, yes.

Q. At the present time. How was it in 1904?—A. It was a partnership.

Q. And who were the partners?—A. It was a registered partnership under the name of J. B. Miller only, the sole partner.

Q. Mr. Miller was the sole proprietor?—A. Mr. Miller was the sole proprietor, that is, there was an understanding between Mr. Polson and himself that Mr. Polson was to have an interest in the business, but there were certain reasons, at the time good and sufficient, that the business was carried on in that way by the advice of our solicitor.

Q. I see. So that Mr. Miller was the sole owner.

Hon. Mr. CASSELS.—The sole registered owner.

Mr. WATSON.—Yes, the sole registered owner of the business. And I suppose it was his capital?—A. Exactly.

Q. Solely his capital was in it?—A. Yes.

Q. But there was some understanding between him and Mr. Polson, you say, with regard to participation in the profits by Mr. Polson?—A. That is right.

Q. That is the way the matter stood. And how long did that continue?—A. Do you mean how long did it last?

Q. Did that arrangement last?—A. Well, it lasted from 1893 to, I think, the 1st of January, 1906.

Q. Did it?—A. Yes, somewhere about there. I may be a month or two out.

Q. And during that time, or rather take the year 1904, have you any objection to state what proportion of the profits Mr. Polson was then receiving. If it is a matter that you think for any business reason should not be divulged, perhaps we will not press it?—A. That is a question I hardly think I should be justified in answering from my position.

Q. Was he entitled to a considerable proportion?—A. Yes.

Q. I see. Mr. Miller was entitled to the larger proportion no doubt?—A. Yes.

Q. And it was Mr. Miller's business in that way, his capital that was keeping it going?—A. Exactly.

Q. Then Mr. Polson was the active manager?—A. Yes, he was the practical man in that.

Q. The practical man?—A. Yes.

Q. During the year 1904 you had considerable contracts with the department in progress?—A. Yes.

Q. In relation to what ships?—A. Well, I would not be positive because I did not charge my mind with those details, my looking after the business did not require I should do so, but I think possibly there might have been the *Vigilant* attached here and some of the others. By looking at the books I could tell you.

Q. Will you just produce the book first that will show that of record?—A. (Messenger goes for books.)

Q. You had the contract for the construction of the *Vigilant*? Let me proceed in the meantime.—A. Yes.

Q. Now that contract was in what year? This is pointed out to me as being the contract. Just look at it please. (Handing over contract to witness.) That is the one, is it?—A. Yes, that is the one.

Q. That is the contract for the *Vigilant* signed by the firm?—A. Yes.

Q. Who signed that?—A. Signed by Mr. Polson.

Q. By Mr. Polson?—A. Yes.

Q. Now, I see this contract is made on the first day of December, 1903, between you and the department, and you mutually agree to build, launch and complete a steel steam vessel—this applies to the *Vigilant*—and the consideration or price here was fixed at \$124,400. That is right, is it not?—A. That would be according to the arrangement if that is the contract.

Q. Yes. Do you remember as a fact whether any tenders were asked by the department for the construction of this vessel?—A. No, I could not speak as to those details because they would not come before me.

Q. They would not come to your knowledge?—A. They would not come before me to cause me to retain them in my memory. I might look into them at the time.

Q. You might look into them at the time?—A. Yes.

Q. I see by the correspondence that your company or firm addressed a letter on the 27th October, 1903, to the then Minister of Marine and Fisheries. No doubt a copy of this letter would be in your letter-book: 'We beg to enclose an alternative specification and plans for proposed fisheries cruiser. We consider this boat better adapted for this service than the one you asked for tenders on. It is equipped for salt water service as well as fresh and it is to be fitted with Scotch type of boiler, and is we consider in every way a much superior boat to the one proposed. We can deliver this vessel complete and afloat at Toronto for the sum of \$124,400.' (That is the same amount mentioned in the contract.) 'We hope that our plans and specifications will be accepted and that we will have your order for the vessel.' That purports to be signed by the firm per F. B. Polson?—A. Yes.

Q. Have you any personal knowledge of that?—A. No, those details would not come before me, except at different periods in going through the books the documents would be placed before me to satisfy me the amounts in the books were correct.

Q. I ask you particularly about that because in the records I have I do not find any tenders put in by the Polson Iron Company or works, but I find about the same time a letter was sent to the Deputy Minister of Marine and Fisheries by the Bertram Engine Works Company, Limited. They were in the same line of business?—A. Yes.

Q. So they were your chief competitors?—A. Yes.

Q. And in October, 1903, at that time the Bertram Engine Works Company were fully equipped for the transaction of the same kind of business?—A. As far as I know.

Q. Yes, as far as you know. I see that letter makes a tender in regard to the same ship apparently and says, 'A vessel as described therein could be built in about 8 months' time, and the cost thereof as specified would be about \$86,000. Trusting our proposition may meet your approval and be favourably considered, we are, yours, &c.' Did it come to your knowledge personally at the time that the Bertram Company had put in a tender at a price about \$40,000 less than the tender of your firm?—A. No, that would not concern me at all.

Q. I see, that would not concern you, that would not come before you?—A. Not before me in the course of my duties at all.

Q. I was just anxious to know if you had any personal knowledge?—A. No.

Q. Do you recollect any communications about this at all?—A. No.

Q. Then whom did you see there about that time in connection with the matter as representing the Department?—A. Well, I would not see anyone representing the Department because I had nothing whatever to do with it.

Q. Was Commander Spain about there?—A. Oh, I could not say. I never met him to my knowledge but once in all my life.

Q. Because I see the correspondence with the Department to a considerable extent was conducted by him. You have not any knowledge of that?—A. No knowledge of that whatever.

Q. I am just informed that your office is really not down at the works?—A. No.

Q. I see. You are treasurer and have your office at another place?—A. Yes.

Q. So that in that way you would not come into personal contract with people who called at the company's office?—A. No, I would not.

Q. You were treasurer in 1904?—A. Well, I was. It was a partnership then.

Q. I know.—A. And I was not treasurer because the whole thing was a partnership and it was not necessary, but I was supposed to be looking after Mr. Miller's interest in the matter.

Q. I understand you were representing Mr. Miller?—A. Yes.

Q. And then you were keeping an eye on the cash, on the financial side of it?—A. On the financial side of it.

Q. So it was your duty particularly on behalf of Mr. Miller, whose capital was invested, to keep track of the financial condition from time to time?—A. Yes.

Q. Expenditure and receipts?—A. Yes.

Q. And in that position did all matters of items and expenditure and receipt come before you?—A. Yes, at times.

Q. All items of expenditure and receipt came before you, I see. Then that information perhaps we had better get from some one else. You have your books, have you, showing account of 1904, the receipt and expenditure ledger?—A. Well, I don't know which you refer to.

Q. Look at this, this is the best way of getting directly at it. Show me any entry in the book indicating a payment to Commander Spain, the book of the firm? (Handing ledger to witness.)—A. Well, there would be nothing in this book.

Q. Well, where is the book?—Bring the book, please.—A. You see, this is the working ledger.

Q. Yes. Who signed the cheques for the firm?—A. Mr. Miller.

Q. Mr. Miller?—A. Yes.

Q. All cheques?—A. And when he was not there I did as his attorney.

Q. And have you got the cheques here for 1904?—A. Some of them.

Q. Some of them?—A. Yes.

Q. Let me see what you have please?—A. (Witness hands over cheques.)

Q. Now then, I see that these are cheques for 1904?—A. No, 1905, 6 and 7.

Q. Yes. And these cheques I have here are for 1904. I see one cheque here of 18th August, 1904, signed by Mr. Miller per Mr. Tindall, attorney.—A. Yes.

Q. So that you signed that?—A. I signed it, yes, sir.

Q. And this cheque reads, 'Pay cash to be transferred by wire to Captain O. G. Spain'—what is following that there? (Exhibiting cheque to witness.) —A. 'Care of Bank of Montreal, Victoria.'

Q. And that was signed by you?—A. Yes, sir.

Hon. Mr. CASSELS.—What is the amount of it, Mr. Watson?

Mr. WATSON.—\$500, my lord.

(Cheque marked Exhibit 408.)

Q. Now, how did you happen to sign this cheque?—A. Because Mr. Polson telephoned me, or they telephoned me from the office that they wanted this amount of money wired out to Captain Spain.

Q. The telephone communication came from the office to you?—A. Yes, altogether likely. I would not swear positively there was a telephone communication, anyway I was communicated with, the request was made to me, and I fancy possibly it was done by telephone.

Q. You have no personal recollection?—A. No, I would not undertake to swear positively.

Q. You do not know from whom the telephone message came?—A. No, and I may say it may have been in different ways.

Q. Then upon information such as that you signed the cheque?—A. Yes.

Q. What did you do with the cheque?—A. I took the cheque down to the Ontario Bank—we were banking with them at the time—and arranged with the manager to have the money wired to their agents in Victoria.

Q. That is the \$500?—A. Yes; for credit of Commander Spain.

Q. I see, to the credit of Mr. Spain?—A. Yes, as stated on the cheque there.

Q. There is no other name upon the cheque?—A. No.

Q. Then was that the same day that the cheque was issued?—A. Yes.

Q. That you attended to that?—A. Yes.

Q. And did you attend to the transmission of it by wire?—A. No, the bank would do that.

Q. The bank would do that?—A. Yes. I would not have anything more to do with that after I arranged with the manager and gave him the cheque, the bank would do the balance.

Q. I see. How do you account for the circumstances that the stamp upon the cheque shows it was paid on August 24th, that is six days afterwards, under circumstances where your instructions were to wire?—A. Well, I cannot say as to that.

Q. I suppose that may be a matter of some arrangement between the bankers?—A. No. My supposition is this, the bank teller might not charge the cheque on August the 18th, the day I took it down, the bank teller might not have done so until he got confirmation of his wire by letter six days after from Victoria. That is an internal arrangement of the bank itself.

Q. Yes. And it was really not charged to them until that date?—A. Yes.

Q. That may be so. Where was that entered in the book?—A. Do you mean where it was charged?

Q. Let me see it, the entry in the book.—A. (Witness opens book.)

Q. Mr. Tindall, you have referred me here to an account in the ledger of the company at page 435, and the account is, 'J. B. Miller, special.'—A. Yes.

Q. What is meant by J. B. Miller special?—A. Well, it was an account kept by myself for the express purpose of amounts that I had to take care of in the ordinary financing and looking after the business that I was not satisfied or had not made up my mind as to the proper allocation, bearing in mind the rights between Mr. Polson and Mr. Miller, and those items were put into that account until the matter could be gone into.

Q. I see, put into this account until the matter could be gone into?—A. Yes.

Q. Here is the entry on August 18th, the same date?—A. Yes.

- Q. 'Cash wired to O. G. V. Spain, Victoria, \$500.'—A. Yes.
 Q. That is taken from folio what?—A. Folio journal 376.
 Q. Let me see that please.—A. (Witness turns up journal.)
 Q. This then was a payment by the firm?—A. A payment by the firm.
 Q. Was it ever repaid to the firm?—A. Well, in what way do you understand?
 Q. Is there any entry of any repayment of that money to the firm?—A. No.
 Q. No, there is not. You are getting the journal, are you?—A. Yes.

By Hon. Mr. Cassels:

Q. I did not quite understand whether it was Mr. Polson telephoned from the office or just the office.—A. I would not be sure of that, my lord. I fancy it would be Mr. Polson if he was there.

By Mr Watson:

- Q. As a matter of recollection you do not know?—A. No, I do not recollect.
 Q. You just assume if he was there it would probably be by him?—A. Yes. I have so many transactions of one kind and another that I did not charge my mind.
 Q. The entry appears in the journal on the same date?—A. That is the cash book.
 Q. This is what?—A. The cash book.
 Q. I see. The same date, 18th of August.
 Hon. Mr. CASSELS.—What page, Mr. Watson?
 Mr. WATSON.—At page 376, my lord.
 Q. Whose writing is this in the cash book?—A. A young man's named Kerr in the office.
 Q. But whose writing is that in the ledger?—A. That is made by another young man in my office named Wright.
 Q. That is made in your own office?—A. Yes.
 Q. So this ledger is kept at your office?—A. No, it is not kept at my office. This is a confidential book entirely and was supposed to be entirely under my own supervision personally.
 Q. This ledger is a confidential book?—A. Yes.
 Q. And it was under your personal keeping and supervision?—A. Yes.
 Q. As a matter of keeping track of the finances?—A. Yes.
 Q. Then if the amount was repaid would in the ordinary course an entry appear of the payment of it?—A. Certainly it would.

By Hon. Mr. Cassels:

- Q. Was Mr. Polson ever charged with it in settling up the accounts?—A. No.

By Mr. Watson:

- Q. I was just going to ask that. Have you got an account here with Mr. Polson?—A. Yes.
 Q. Let me see it, please?—A. (Witness turns up account.)
 Q. It starts at page 427?—A. Yes.
 Q. January 18th, 1904, cash—have you looked to see whether or not there is any entry of that in this book?—A. I have not.
 Q. You can look now then so that you can make an answer. \$500, the date was August 18th.—A. There would be no entry of that.
 Q. No entry?—A. I am positive.
 Q. It was not charged to him?—A. Not charged to him at all.
 Q. Now, what was charged to Mr. Polson, any of the moneys at all that are entered in this J. B. Miller's special account?—A. No.
 Q. I see.—A. If there was a final wind-up when they had their settlement and division of profits.

Q. What I want to know is this, Mr. Tindall· here are many payments of cash, some large amounts ?—A. Yes.

Q. From \$1,000 up to \$5,000 ?—A. Yes.

Q. One of \$10,000. Have any of these amounts been charged to Mr. Polson ?—A. No.

Q. No, none of these amounts that appear in the special account have been charged to Mr. Polson. Now, let us see Mr. Miller's account, that is the special account, I mean his account with the firm ?—A. (Witness turns up account.)

Q. Take the same date, 1904, August, it would be along here ?—A. Yes.

Q. Now, is that sum that same \$500 charged up at any time or in any place to Mr. Miller ?—A. No.

Q. Is it not ?—A. No.

Q. Then that book shows that charged as against Mr. Spain and as against him alone ?—A. No, not charged as against Mr. Spain.

Q. It shows just as entered here, sent to Mr. Spain ?—A. Yes.

Q. Is there any account in the book with him ?—A. No.

Q. I see. And you say there is no entry in these books or any other books showing any repayment of that sum ?—A. No.

Q. There is not. Have you any knowledge directly or indirectly, hearsay or other wise, of any repayment of that amount ?—A. No.

Q. You have not, I see.

By Hon. Mr. Cassels :

Q. When was your next balance sheet after August, 1904 ?—A. A balance sheet every year.

Q. Well, how was this \$500 treated in the balance sheet for that year ?—A. For 1904?

Mr. WATSON.—1904, yes.

By Hon. Mr. Cassels :

Q. The end of 1904 ?—A. (Witness refers to books). It was——

Q. Have you got the entry ?—A. The entry is not there.

Mr. WATSON.—Let me see the balance.

My lord, Mr. Miller and this gentleman may rest assured we are not going to inquire into their personal affairs at all.

Hon Mr. CASSELS.—No, there will be no publicity at all. It is only to trace this if we can.

Mr. WATSON.—I just want to see the method, what form it takes.

Hon. Mr. CASSELS.—That \$500 must have been put to some kind of account or the accounts would not have balanced in the balance sheet.

Mr. WATSON.—It is charged up as a firm disbursement.

Q. Where is it, is this it ?—A. Here (indicating).

Q. I see. This is that same account ?—A. The same account.

Q. On December 31st there is an entry, 'By profit and loss account' ?—A. Yes.

Q. And a sum opposite that ?—A. Yes.

Q. It is not necessary to mention that. Would your lordship like to see it? (Handing the book to his lordship).

WITNESS.—Of course it is here.

Hon. Mr. CASSELS.—I would like to look at the book.

Mr. WATSON.—Now then, what we want to know is whether this item of \$500 appears as one of the debits against the firm in arriving at that balance—of course it would ?—A. Yes, but there is a difference between.

Q. Well, in the end there was a gain ?—A. Yes.

Q. There were profits ?—A. Yes, there were profits.

Q. In arriving at the profits this sum was deducted ?—A. Yes.

Q. Yes, that is it.

By Hon. Mr. Cassels:

Q. Treated as a firm disbursement?—A. No. After the profits were arrived at that was disposed of out of the profits.

Q The same thing It was just treated as if the firm paid it out of that

By Mr. Watson:

Q. Yes, that was taken into consideration before this balance was reached?—A. Yes.

Q. So it was treated as a firm disbursement at the end of the year, and being a firm disbursement at the end of the year and Mr. Polson having a share or interest in the profits, the disbursement would be wholly out of the pocket of Mr. Miller?—A. No.

Hon. Mr. CASSELS.—Mr. Polson was entitled to a share of the profits.

Mr. WATSON.—I know.

Hon. Mr. CASSELS.—This was deducted out of the profits practically.

Mr. WATSON.—That's it. The profits are ascertained after the disbursements are taken out, and this was taken out, this \$500, before there was any attempted division of the profits.

Hon. Mr. CASSELS.—Yes; but Mr. Polson would bear his share of it.

By Mr. Watson:

Q. His profits would have been so much larger if the disbursement had not occurred.—A. To be strictly accurate, Mr. Watson, the profits were determined, and after the profits were determined, the profits were utilized by taking care of this first, then on the same proportion and same division as anything else.

By Hon. Mr. Cassels:

Q. The same thing as if deducted before. It is treated as a firm outgoing?—A. Yes.

Q. Mr. Polson was known as an honourable business man?—A. Yes.

Q. I do not need to ask anything more about it then, that covers the whole position?—A. Yes.

Q. A man of integrity in his business?—A. Certainly.

Q. And the financial transactions were necessarily scrutinized by you closely?—A. Yes.

Q. In the interests of Mr. Miller?—A. Yes.

Q. Mr. Miller was not attending personally?—A. No.

Q. Not to any extent to the business?—A. He is away from home considerably.

Q. That covers the whole of the facts as far as you know with regard to that amount?—A. Yes.

Q. Is there anything else you can say in regard to that?—A. No, I do not know anything about it.

By Hon. Mr. Cassels:

Q. Have you any reason to believe or not to believe that Mr. Polson pocketed that \$500 himself?—A. I do not know anything about it at all.

Q. You do not know. It is just there?—A. Yes.

Mr. WATSON.—Of course, it goes without saying what kind of transaction that would be if he pocketed it.

Hon. Mr. CASSELS.—Except this——

WITNESS.—He would not do anything of that kind.

Q. If Captain Spain was speaking the truth, then Mr. Polson took that \$500 and put it into his own pocket without making an entry of it, he was repaid if Captain Spain was speaking the truth?—A. Not necessarily so.

Mr. WATSON.—I see, that is your understanding of it as his lordship puts it—A. Yes.

Q. Now Mr. Tindall, there are in this special J. B. Miller account a good many other entries of cash?—A. Yes.

Q. Are these represented by the cheques we have here?—A. Yes, I think most of them.

Q. You have here many entries just to cash, I observe several cheques are made in the same way?—A. Yes.

Q. Cheques payable to cash?—A. Yes.

Q. Is that in the regular course of business?—A. Yes.

Q. That cheques should be payable to cash?—A. Yes.

Q. I do not find any of these cheques that are wholly blank. I mean to say they have some name endorsed upon the back of them, in that respect they are not like some cash cheques that have been brought before his lordship sitting in commission. What are these cash cheques for, business purposes?—A. Yes, they were for business purposes at the time.

Q. Business purposes. Let us see, for instance—because you understand that we are endeavouring to trace with regard to a certain class of payments, if any such occurred—let me see, for instance, take April 21, well, we will come down to 1904, October 17, 1904, To cash \$4,000. Where is that cheque? I do not see that there. Oh, yes here it is, October 17, F. B. Polson or order cash \$4,000. Now, that apparently was not charged to Mr. Polson personally?—A. No.

Q. No, not charged to him personally in his account. Do your books show what was done with that money?—A. No.

Q. What?—A. No.

Q. The books do not show at all what was done with that cash item of \$4,000?—A. No.

Q. Well, where did it go, to the winds?—A. Mr. Polson is supposed to have got it.

Q. But have you any entry in the books to show what Mr. Polson did with it?—A. No.

Q. Then Mr. Polson may have distributed that in connection with contracts?—A. I could not say what he did with it.

Q. Do you mean to say there is positively no trace at all of the application of the proceeds of that cheque?—A. No.

Q. Of \$4,000. Now then, let me ask you a little further. That cheque is signed by you, Mr. Tindall?—A. Yes.

Q. You would not sign a cheque, would you, for \$4,000 without knowing what was to become of it without it was a matter under your personal supervision to be entered in this special account?—A. Yes, I might sign without knowing what was to be done with it, but I would have to satisfy myself at the time it was going to the proper party, which was done.

Q. Do you know then what became of that?—A. No.

Q. Have you any knowledge now what became of that?—A. No, not at all.

Q. But is there any way in the books by which you can ascertain what became of it?—A. No.

Q. Or how it was applied?—A. No.

Hon. Mr. CASSELS.—How is it charged at the end of the year?

Mr. WATSON.—It is just entered in this J. B. Miller special account as a firm disbursement, that is, where this class of entries go, and apart from that there is no trace at all?—A. No.

Q. Of course, perhaps it is not for us to criticise your methods of business, except so far as relates to this Commission, but that would appear to be out of the ordinary course of business?—A. It might be.

Q. I see, it would appear to be?—A. I do not know it would.

Q. You do not know it would. Well now, let us just see October 16th, that is the next day \$10,000, where is that? Here it is, signed by you, too.—A. Yes.

Q. Is there any record of the application of that amount in any of the books?—A. No.

Q. No record in the books of the application of that amount?—A. No.

Q. Then, would you sign these cheques upon the request of Mr. Miller or Mr. Polson, or upon whose request?—A. Well, it might be the request of Mr. Polson.

Q. The cheques made payable to cash?—A. Yes.

Q. Did you yourselves get the cash?—A. In some cases, yes.

Q. Take that \$5,000, did you get the cash for that?—A. Yes.

Q. You got the cash?—A. Yes.

Q. Did you deliver that to Mr. Polson?—A. Yes.

Q. Gave that to Mr. Polson, that \$4,000?—A. Yes.

Hon. Mr. CASSELS.—\$5,000 or \$4,000?

Mr. WATSON.—\$4,000, my lord, October 17th. You looked at the wrong cheque. It is endorsed by Mr. Polson?—A. Yes.

Q. That is October 17th I referred to before. There is another one for \$4,000. Mr. Polson got that cheque?—A. He took them himself.

Q. And you say you have no idea what was done with it. Contracts were going on during that time with the Marine and Fisheries Department and officials of the Department were about there from time to time?—A. Well, they may have been for all I know, I could not say.

Q. I see. Have you any knowledge as to whether or not any portion of these cheques, was paid to any official, have you any personal knowledge?—A. No, I have no personal knowledge.

Q. Then Mr. Polson was not required to account apparently for these moneys. How do you know as a matter of business, that he did not put the proceeds in his pocket and keep them there?—A. We do not know. We had confidence he would not do it.

Q. That is just the way it was done?—A. Yes.

By Hon. Mr. Cassels:

Q. All these cheques were carried as against the expenses of the business?—A. No, they were charged against this special account.

Q. That was—A. That was divided up between the partners.

Q. I understand you yourself are a partner?—A. No.

Q. So it was a mere question between the partners?

By Mr. Watson:

Q. Mr. Miller and Mr. Polson?—A. Yes.

Q. That is the way it was. And Mr. Polson was never required to make any report as to the application of these moneys?—A. No, he made no report to me.

Q. Did he ever make any report to anyone that you are aware of?—A. Not that I am aware of.

Q. You were, so to speak in strict confidence?—A. Yes.

Q. Strict confidence of Mr. Polson as well as Mr. Miller?—A. Well, I was Mr. Miller's confidential—

Q. Assistant or representative?—A. Representative.

Q. That would carry with it the necessity of close information as to the business?—A. Yes.

Q. And you say as the confidential representative for financial purposes of Mr. Miller that you have no knowledge of what application was made of these moneys, that is what you say?—A. That is what I say.

Q. And there is no entry in any book showing what application was made of them?—A. No.

Hon. Mr. CASSELS.—It is the two partners drawing against their profits and utilizing them just as they thought best. The money may have been properly utilized or the other way.

Mr. WATSON.—That is it. The point is these were not charged against their individual accounts?—A. Yes.

Q. That is, the items in this J. D. Miller special account are not charged?—A. They are charged by the very entry, the very entry has the effect of charging them.

Q. I know. They are not charged up against them personally?—A. Not in their personal account. They are charged there.

Q. As a firm disbursement?—A. I can hardly say that. I am speaking now from the bookkeeper's standpoint. I do not call that a disbursement. I say we took the profits and made the dividends.

Q. But you did not make these entries merely for the purpose of ascertaining what the profits were?—A. No.

Hon. Mr. CASSELS.—Prima facie these entries would be advances against profits made to the two partners, and then at the end of the year when you come to balance up they are charged as outgoings, reducing the profits just by that amount on the face of it?

Mr. WATSON.—Yes, my lord. But my previous question was whether or not these were intended as payments to either partner, individual payments to them on account of profits, that is not so, is it?—A. No.

Q. No, that is the point, they were not intended as advances on account of prospective profits.

Hon. Mr. CASSELS.—He simply advanced the money on the strength of the two partners' profits.

By Mr. Watson: .

Q. These were supposed to be for business purposes?—A. For the purposes of the partners.

Q. Business purposes?—A. For their own purposes. I do not know what they did with it.

Q. That leads me to this further question. Was there not a limitation or some limitations as to the personal withdrawals. There would naturally be with respect to Mr. Polson from the business position you have put?—A. Yes.

Q. That is so?—A. Yes.

Q. Well then, you had charge of that?—A. Yes.

Q. So that there was a limitation upon his personal withdrawals?—A. Yes.

Q. Therefore, you know that these were not payments to him on account of profits?—A. Well, not at the time they were made. They were distributed, divided afterwards.

Q. That is all I want. They were not at the time they were made. Afterwards, of course, in the participation they would be charged up. Now, there are other cheques here in the same way to cash, in fact they appear throughout in this account. Do you say the same in regard to all the others?—A. Most of them, yes.

Q. Where is the one that is different that you can speak about?—A. Here is one different.

Q. Well, that is entered opposite to Mr. J. B. Miller himself, that is something personal.—A. These all went in that way and were adjusted afterwards from time to time.

Q. So all the others are in the same position, you say, you have no personal knowledge what became of the money, except in that one instance?—A. Well, yes.

Q. Have you looked over these?—A. Yes.

Q. And the other entries for the purpose of being able to state whether there is any evidence of the application of these moneys in the books, any evidence in the books of the application of these moneys?—A. No, there is no application.

Q. There is no evidence in the books of the application of the moneys, I see. Have you any knowledge by hearsay or otherwise of any payment than this one to Mr. Spain?—A. No.

Q. You have not?—A. No.

Q. Did you ever inquire of Mr. Polson after he received these cheques and the proceeds what he had done with them?—A. Which, these cheques you are speaking of now?

Q. Yes.—A. No.

Q. Was Mr. Miller kept in touch with all that you knew?—A. Yes.

Q. Have you any knowledge of any inquiry by Mr. Miller as to what was done with the proceeds?—A. I could not say as to that.

Q. I ask you if you have any knowledge of any inquiry by him?—A. No.

Mr. WATSON.—I see there are a few other questions, my lord, that I will have to ask Mr. Tindall after luncheon. I do not want to ask them just now, if your lordship pleases. If you will kindly be here after luncheon, Mr. Tindall?—A. Yes.

Mr. WATSON.—Then I referred to the following cheques, October 17th, 1904, \$4,000; October 18th, 1904, \$10,000; October 21st, 1904, \$4,000; February 10th, 1904, \$5,000. And the page in that book I have referred to, my lord, page 435, shows the other payments to that special account here, as from January 1st, 1901 to January 1st, 1905. I will have to have the continuation of that.

ALEXANDER H. JEFFREY, SWORN.

By Mr. Watson :

Q. Mr. Jeffrey, what is your position in the firm?—A. I am secretary of the company at the present time.

Q. The company has been formed since Mr. Polson's death as an incorporated company?—A. Oh no, before.

Q. When was the company formed?—A. In 1905, February, 1905, I think it was.

Q. What date did Mr. Polson die?—A. A year ago this last October.

Q. That is October, 1907?—A. October, 1907, yes.

Q. And as secretary of the company you have charge of the books of the company?—A. I have charge of the office management outside of the cash, which has always been handled by—

Q. But the books are formally supposed to be in your possession as secretary?—A. Yes.

Q. Where is the book with the last payment here, January 1st, 1905?—A. That one, do you mean the private ledger?

Q. This you now produce is called the private ledger, is that right?—A. That is right, sir.

Q. Where is the company ledger?—A. There is a general ledger here or the general transfer and sales ledger.

Q. Then why do you have a private ledger kept by the company?—A. So that matters that are not of interest to the general office shall be known to the partners or to the directors of the company.

Q. Who are the directors of the company?—A. At present?

Q. Yes.—A. Mr. J. B. Miller, President; Mr. John J. Main, Vice-president; Mr. W. B. Tindall, Treasurer; and myself, Secretary.

Q. Then you are all engaged in the business?—A. Yes, sir.

Q. No outside men apparently on the board at all events?—A. I am wrong. Mr. H. J. Wright is one of the directors.

Q. Mr. Wright is the solicitor of the company?—A. The solicitor of the company.

Q. And he is also on the board?—A. Yes.

Q. So that it is an inside family business concern apparently?—A. Yes.

Q. Now then, here is the general ledger from January 1, 1905. After that company was formed the interests were held, the profits were participated in rather according to the holdings of shares, I assume?—A. It was practically a partnership since then, though nominally a company.

Q. Actually of course and in law a company, but was it continued practically on the same basis as between Mr. Miller and Mr. Polson?—A. Outside of course of the regular routine necessary.

Q. Yes, I understand. So Mr. Miller and Mr. Polson practically took the profits between themselves?—A. Certainly.

Q. That is a matter of internal business arrangement, I assume. Now, have you got an account similar to this former one, J. B. Miller special?—A. Yes, sir.

Q. Where is that?—A. (Witness turns up account.)

Q. At page 312, my lord, and it starts the same date, January 1, 1905, J. B. Miller special. This is balanced at the end of that year and the end of each year afterwards—no, there is no balance at the end of 1907, is there?—A. Well, it was balanced, but the entries have not gone in.

Q. Oh, the entries have not gone in, I see. Now, since that time I see entries made to cash, for instance, in 1905, January 24, to cash \$1,000; March 24, two entries to cash amounting to \$900; other entries, \$3,000, \$500, \$200 and \$500; in the same way in 1906 several entries of the same kind to cash from \$100 up to \$5,000; the same in 1907, in fact all the entries in 1907 are just to cash. Now, is there any record in the books of the application of those moneys?—A. There may be of certain of them.

Q. Were these represented by cheques?—A. Part of them by cheques and part by cash.

Q. Part by cheques. Now, Mr. Tindall handed me some cheques, these are the cheques to 1904—Mr. Tindall, I do not think you gave me those cheques, I think you left them outside, I want those for 1905, 6 and 7. Now, prior to the formation of the company on the 1st of January, 1905, what were your duties?—A. I was assistant manager at that time.

Q. That is, next under Mr. Polson?—A. Assistant to Mr. Polson.

Q. Then you had a full knowledge of business affairs, I assume?—A. Well, I was more in the office than the selling part.

Q. Now, what knowledge have you of this disbursement on the 18th of August, 1904, to Mr. Spain of \$500?—A. None whatever.

Q. Eh?—A. None whatever.

Q. None whatever?—A. Further than what I see in the books.

Q. Did it come to your knowledge at the time?—A. I don't remember if it did.

Q. Do you remember about its being spoken of, do you remember being spoken to about it at all?—A. Not at all. I do not think Mr. Polson would consult me about a matter of that kind at that time.

Q. Is there any entry here anywhere showing the initials of Mr. Polson?—A. In reference to that item in particular?

Q. Or any other item?—A. Well, certain items, I suppose, perhaps he has.

Q. Whereabouts?—A. In the cash book.

Q. Let me see the cash-book?—A. For 1904 and on?

Q. Yes. Just let me see, in August, 1904, if he has initialed any payment there?—A. He would not initial that. I presume he instructed the bookkeeper to put that entry in that way.

Q. Is this one?—A. Yes. That is not initialed by Mr. Polson though.

Q. What are the initials there?—A. There are no initials.

Q. What is that, P. L.?—A. Private ledger. This is the general cash-book.

Q. Now, where are there any entries that are initialed by Mr. Polson?—A. (Witness turns up book.) There is one, for instance.

Q. Yes, that is August 10th, an item of \$1,000?—A. No, \$100.

Q. Oh yes. Initialed by Mr. Polson, and then others in the same way?—A. They would be all through the cash-book.

Q. Why would he initial an item in the books? He had nothing to do with the keeping of the books?—A. Well, the bookkeeper, for an entry like that that is the only voucher the bookkeeper would have or the auditor would have when he came

along that that item was paid. If he might want to be crooked the bookkeeper might put in half a dozen of those entries, but with Mr. Polson's initials there——

Q. That verifies it?—A. Yes, that verifies it,

Q. Brings it home to him?—A. Yes.

Q. Now then, did you hear anything at all from any source about that payment to Mr. Spain?—A. None whatever.

Q. Eh?—A. None whatever. It was news to me in looking up the ledger before we came up, to look up the necessary papers.

Q. And I assume you agree with Mr. Tindall in his statements that there is no entry in any book of any repayment of that sum?—A. As far as I know.

Q. As far as you know there is none. As it appears there now it is charged up as a firm disbursement?—A. I do not know you can call it a firm disbursement. It is a partnership account.

Q. It is paid out of firm moneys?—A. Oh yes, it is paid out of firm moneys.

Q. And not afterwards repaid to the firm?—A. No.

Q. To either member of the firm as far as anything is shown in the books?—A. As far as anything is shown in the books.

Q. And have you any knowledge directly or indirectly, hearsay or otherwise of repayment?—A. None whatever.

Q. None whatever. Well, was Mr. Polson a secret man or not?—A. Well, I considered he was.

Q. Why?—A. I considered he was, very.

Q. Why so?—A. Because he never used to give any information out about his business. We simply went along and did our work, it was not for us to question if he asked for \$100 or \$1,000.

Q. I see, so far as the staff were concerned, they were not taken into confidence of that kind?—A. They were in matters of the business.

Q. But not in matters of this kind?—A. No.

Q. Then have you any idea of the application of these moneys?—A. There are certain entries that explain these. Outside of that I have no knowledge.

Q. And is there anything of record to show the application of the proceeds of these cash cheques during any of these years, 1904, 5, 6 and 7, unless it is shown upon its face?—A. No, not unless shown upon its face.

Q. Well, there are very few. There is one here, another to a bank, there are exceptional ones that way my lord, but the majority are just in that way. These are assumed to have been used for business purposes?—A. Business or partnership purposes.

Q. That is, business purposes, confined to the partnership?—A. No, it might not be for the Polson Iron Works.

Q. What?—A. It might have been private deals the partners were in.

Q. Some private deals they were in?—A. I could not say what the amount applied to at all.

Q. Did they have any other transactions you know of with the firm moneys?—A. No, not further than they apply in that account. There are some here I want to show you, that is one, (indicating).

Q. Yes, in regard to another thing.—A. Yes.

Q. You mean to say they had some interest in that company?—A. Outside of those items I have no knowledge.

Q. That is what I want to know. Then it is not too much to say up to the present time, unless Mr. Miller can explain it, these matters remain a mystery so far as you and Mr. Tindall are concerned?—A. That is right as far as I am concerned.

Q. Then let us have Mr. Miller, please.

JOHN B. MILLER, sworn.

By Mr. Watson:

Q. Mr. Miller, prior to January 1st, 1905, there was a partnership?—A. In February.

Q. February, 1905. You were practically the sole owner of the business, but Mr. Polson participated in the profits?—A. We had an arrangement about dividing the business.

Q. The profits?—A. And the business, too, eventually when we formed the company.

Q. That is when the company was to be formed?—A. Yes.

Q. The capital practically was yours?—A. It was practically.

Q. Now, did you attend to the business at all during 1904?—A. Very little. I was at Parry Sound attending to my own business, lumber business, most of the time, I was in Toronto very little.

Q. Did you attempt to keep in touch with the financial particulars of the business?—A. Oh, in a general way. Mr. Tindall looked after that for me.

Q. He looked after the details?—A. Yes.

Q. He was there, he says, as your confidential representative?—A. Yes.

Q. Then you had a personal knowledge of this payment to Captain Spain?—A. No, I did not know anything about it until I saw it the other day in the books.

Q. Do you mean to say you never heard of it?—A. I never heard of it.

Q. Until the latter part of this week?—A. Yes.

Q. I see. Did you not know there was such an entry in the book?—A. I say I never heard of it.

Q. You never heard of it?—A. I did not know anything about it then.

Q. The reason I ask you is it would follow, I assume, that you were not in the habit of going over the books yourself?—A. No, simply a statement was submitted to me by Mr. Tindall at the end of the year.

Q. You have never sat down yourself to go over the entries and compare them?—A. Probably not that account. I may look into the books occasionally, but not to go into it thoroughly.

Q. Have you any knowledge of the repayment of that money?—A. No, I do not know anything about it. It is quite possible it might have been repaid to Mr. Polson and used for expenses. He might not make another entry, supposing he was going away to some place he would keep that money, not use further money, just use that.

Q. That would be frightfully loose.

By Hon. Mr. Cassels:

Q. Is that proper bookkeeping?—A. Mr. Polson used to do that way.

By Mr. Watson:

Q. That would be reckless?—A. No, Mr. Polson had that way, that is just the way he would do things.

Q. That is, without any system at all?—A. That is just the way he would do things, lots of them, and I believe that is what happened.

Q. Was there a travelling account for that year?—A. 1904, yes, an expense account.

Q. Just see what went into that travelling account. That necessarily opens up the door to your examination with regard to these matters.—A. (Witness refers to the books).

Q. Just let us see the record of the travelling expense account?—A. I am just looking it up, sir.

Q. Let us see it for 1904.

Mr. JEFFREY.—I am afraid we are out of that. This transfer I find looking it up is just a transfer sales ledger, not what they call the general ledger. I may be wrong on that, possibly Mr. Tindall?

Mr. TINDALL.—The general expense account should be in there.

Mr. WATSON.—We will trace it up. If you have not got the books here they will have to be sent for. What would that be in?

Mr. TINDALL.—In the general trade ledger.

Mr. WATSON.—In view, my lord, of what Mr. Miller now suggests, of course we will have to have that account here, it is absolutely necessary.

Hon Mr. CASSELS.—Yes.

WITNESS.—We have it from that afterwards, since then.

Mr. WATSON.—That is no use since then, because you have volunteered that suggestion which makes it necessary we should have it at that time.—A. That would not show it.

Q. I just want to see how far your suggestion is borne out as to anything of record or how far it agrees with the system pursued, or whether there was any system at all in the business?—A. As a rule what cash he got was charged up to that account.

Mr. WATSON.—While that is being looked up, it is a quarter to one, perhaps your lordship will rise until two o'clock?

Hon. Mr. CASSELS.—Say ten minutes after two.

(Adjourned at 12.45 to 2.10 p.m.)

2.10 p.m.

Examination of J. B. Miller continued.

By Mr. Watson:

Q. Let us see the book containing the expense account.—A. The man has not brought them in yet.

Q. What is this, Mr. Miller?—A. Expense account.

Q. This shows the amount paid for expenses?—A. General expenses of all sorts.

Q. 1904. Now, do you find any item in this expense account, any entry here which would indicate in any way directly that this \$500 before referred to had been transferred to that account?—A. It has not been transferred.

Q. It has not?—A. No.

Q. It has not been transferred to that expense account, I see. Then looking at the books, you have had the opportunity to do so with the assistance of Mr. Tindall and Mr. Jeffrey no doubt, is there anything in the books, expense account or otherwise, to lead to a conclusion that Mr. Polson used that money for expenses?—A. It would not show in the books if he did. Is there anything at all to lead to the conclusion that he did use it?—A. Nothing that I know of.

By Hon. Mr. Cassels:

Q. Would not you have thought he was dishonest if he had done it that way?—A. Done which way sir?

Q. Why, he had taken \$500 out of the firm's money for a specific purpose, he charged that up to the firm's expense, it was repaid to him. Do you not think it would have been dishonest if he put that into his own pocket instead of turning it into the fund it was taken from?—A. Yes, if he used it himself for general purposes it would not be dishonest.

Q. Would he not have to make a record to show he did?—A. Not necessarily, because it is already charged to expense account.

Q. I would like to see how he used the expense account.

By Mr. Watson:

Q. But, Mr. Miller, I do not see anywhere that it has been charged to expense account?—A. That special account is an expense account practically.

Q. Pardon me, that is a special account with Mr. J. B. Miller?—A. Yes.

Q. Now, there has been no suggestion up to this time, as I understand it, that the proceeds of any of these cheques were to be applied in the ordinary expense account?—A. They were treated in the same way.

Q. That has not been suggested?—A. The two accounts are treated in the same way in the end.

By Hon. Mr. Cassels:

Q. How would you make the balance sheet supposing he kept that money and quietly paid his own expenses?—A. You mean business expenses?

Q. Yes, your business expenses?—A. Just the same way that goes.

Q. You had better trace it. It seems to me puerile to suggest these things. The question comes down to one point, whether Captain Spain's story is correct and Mr. Polson pocketed the money himself, or Captain Spain's story is incorrect and Mr. Polson gave it as a gift.—A. I do not think—

Q. Mr. Miller, as a matter of common business sense you do not mean to say that a man would get back that money and not credit it?

By Mr. Watson:

Q. Now, Mr. Miller just for one moment again. In this special account all the entries are represented by cheques which have been issued. Now, is there anything in connection with this account, as a special account, that could properly carry any inference that the moneys in this account were to be used for travelling expenses, because you have got another general expense account?—A. No, nothing in that.

Q. Well then, as a matter of fact, Mr. Miller, moneys that go into this account are not expected at all to be used in connection with this travelling expense account and the general expense account?—A. Not expected to be; they might be.

Q. What?—A. They might be. It is a careless way of doing it

Q. Very irregular?—A. A careless way of doing it

Q. Would it not be very irregular?—A. The same effect in the books.

Q. I did not ask you that.—A. It would be irregular according to our system.

Q. It would be irregular according to your system?—A. Yes.

Q. Have you any business reason to conclude or to think that an irregular course of that kind would be pursued by Mr. Polson in respect to that \$500?—A. Any business reason?

Q. Yes.—A. No.

Q. You see, it is manifest from the entries in the books and from the evidence that Mr. Polson personally had to do with the giving or the paying of the \$500; that is right, is it not?—A. Yes.

Q. And there is no doubt that he personally had knowledge that it was included in this special account, in the ordinary course he would have knowledge of that?—A. I should think so, although he did not pay much attention.

Q. You expect he would. That then gives fairly perhaps the premises upon which a conclusion may be reached, and may be reached by his lordship the judge as accurately perhaps as by you; that is right, is it not?—A. Yes.

Hon. Mr. CASSELS.—It does not necessarily follow, Mr. Watson, that Captain Spain's story is not correct.

Mr. WATSON.—Oh, no.

Hon. Mr. CASSELS.—Mr. Polson might have put the money in his pocket.

Mr. WATSON.—Quite so, my lord. But I say that gives the premises

Hon. Mr. CASSELS.—Oh yes, we need not quarrel about that. I think you may assume, as far as I am concerned, Mr. Miller when the annual balances were made up took precious good care to see the accounts were properly adjusted.

By Mr. Watson:

Q. You had a very accurate man as your assistant Mr. Tindall, that is right?—A. Yes.

Q. I know by reputation at all events without personal knowledge of his transactions, but is that the fact?—A. That is right.

Q. And I understand, Mr. Miller, that you are an accurate careful business man?—A. I try to be.

Q. In money matters as well as other matters. Perhaps there is not any business man that makes an effort to be more accurate in connection with money matters than you do?—A. I hope so.

Hon. Mr. CASSELS.—Even in curling, Mr. Watson.

Mr. WATSON.—I am sorry to say we do not have time for that, my lord, we have to leave that to lumbermen and judges.

Q. I do not understand yet, Mr. Miller, why it is in the ordinary course of business, having regard to what you have said as to your accurate methods, that you would not have a personal knowledge of what became of these large sums represented by cheques to cash for \$500, \$200, \$1,000, \$5,000 and so on. Did you ever ask Mr. Polson what became of those?—A. I may have asked him. I never got an answer if I did.

Q. I see, you never got an answer if you did. Then do I understand you were content to leave it in that way?—A. I trusted him in that matter, yes.

Q. That is the long and short of it, is it?—A. The long and short of it.

Q. Then it may be or may not be, so far as your knowledge extends, that some of this money was given or applied in connection with tips or gifts to officials?—A. I do not know.

Q. You do not know. The fact is that you were having considerably large transactions and contracts with the department in 1904, 5 and 6, part of 1906?—A. No, not the Marine Department.

Q. We have nothing to do with any other department than the Marine Department?—A. We did not have any contracts to amount to anything after 1904, after that they were less.

Q. After 1904?—A. They were less. There may be some in 1905.

Q. Let me see the Marine account in the books please. This loose leaf system account 31 in the firm ledger, the account is under the name of the Dominion Government. That includes other departments as well. Mr. Jeffrey points out that where it relates to the Marine Department it has the initials indicating the department in the margin. Yes, here it is throughout. Then in your books have you a summary extracted showing the moneys received from the Marine Department, I thought you had?

Mr. JEFFREY.—No, but there is another account in the ledger as well.

By Mr. Watson:

Q. Let me see it please. This account extends to December 31, 1904. The debit in this account during that year is \$44,021?—A. That is all departments.

Q. Oh, yes, you are right, sir, that goes into other accounts. I thought there was an account here for the Marine and Fisheries?

Mr. JEFFREY.—There is later on.

By Mr. Watson:

Q. Let me see it. I am quite sure I saw the account. (Referring to book.) Oh, yes, here it is, I knew I had seen something like this, Department of Marine and Fisheries, January 1, 1905. Now, does this include everything for the Department of Marine and Fisheries?

Mr. JEFFREY.—From that date on.

Q. January 1, 1905?

Mr. JEFFREY.—Yes—no, I may be wrong, there might be something in this private ledger account too.

Q. This shows from that time on a sum of \$44,234. Now, it is manifest that does not cover the whole, because we have already been referred to a contract of \$124,000?—A. That was 1903, that was not 1904.

Q. That was October, 1903. That would extend into?—A. 1904, not 1905.

Q. Yes. But the total of the Dominion Government account for 1904?

Hon. Mr. CASSELS.—The 1st December, 1903.

Mr. WATSON.—Yes, my lord, that is right, there would not be much of that in 1903,

Hon. Mr. CASSELS.—No.

By Mr. Watson:

Q. Now, the total account for 1904 under the head of Dominion Government is \$44,000. In this other account we have got to take something else in now from December 31, 1902, down to August 23, 1904. Oh, yes, down to January 1, 1905, the total account is \$686,456?—A. Two years before.

Q. Yes, I see December 31, 1902. That is the total account.

Hon. Mr. CASSELS.—From the beginning of 1903?

By Mr. Watson:

Q. Yes, the beginning of 1903?—A. \$234,000 transferred the year before. That is going away back a year.

Q. You are right. That is composed partly of the item that you referred to, December 31, 1902, carried forward—no, you are wrong?—A. \$334,000.

Q. No, you are wrong about that because that is the credit helping to balance the account. That is not in the debit side, you see. That is a credit carried forward, do you see, so the whole debit is from the 31st December, 1903—1902 on down to January 1, 1905, \$686,000.

Hon. Mr. CASSELS.—Mr. Watson, I would have thought that these gentlemen, if they had taken the trouble, would be able to tell you at the beginning of 1904 what the Marine contracts were.

Mr. WATSON.—Can you extract it?

Mr. CASSELS.—It is a matter of deduction.

Mr. WATSON.—Yes. I wish you would, Mr. Miller.—A. We can get it.

Hon. Mr. CASSELS.—They might also tell you what profit they made on these contracts.

Mr. WATSON.—Well, now, there is a contract here to which reference was made this morning in consequence, you heard it read this morning, Mr. Miller perhaps where a tender was put in by your firm through Mr. Polson for the proposed fisheries cruiser, that would be the—?—A. *Vigilant*.

Q. *Vigilant*; at the sum of \$124,400.

Hon. Mr. CASSELS.—\$121,000?

Mr. WATSON.—\$124,400, my lord. And on October 13th—that was October 27th—on October 13th I have a tender from the Bertram Engine Works Company for the same ship apparently?—A. No, no.

Q. Well, it is the same ship, I am just telling you what is here upon the document, at \$86,000?—A. That is a smaller boat.

Q. What?—A. A smaller size boat.

Q. How do you know?—A. Because they increased the size of the boat, made it a larger boat; it was too small for the purpose.

Q. Do you know whether there was much difference, have you any personal knowledge?—A. No.

Q. No personal knowledge?—A. I know there is quite a difference in the size.

Q. I see on the 28th October a memorandum signed by Mr. Spain as follows—I see that was the next day after yours was sent in and it was a fortnight after that sent in by the Bertram Company: 'I have been very carefully through the plans and

specifications as submitted by Mr. Polson and I consider that with a slight addition (I attach memo. in regard to this) that they are satisfactory and the price for the class of work proposed is reasonable. It is of course to be fully understood that the ship is to be ready for service within six months of giving the order. A ship of this description is absolutely necessary for the protection of Canadian interests on the great lakes. United States fishermen are taking advantage the whole of the time of the slowness and inefficiency of the *Petrel*, our present vessel there. They have already on Lake Erie the high speed cruiser *Tuscarora*, and we most decidedly ought to have a vessel there as good if not better than this ship. The proposed new cruiser will be better. The great fishing industries on the lakes have suffered severely for years by reason of not having an efficient vessel to protect them. In addition to this work this new modern armed fast speed cruiser will form the nucleus for the proposed naval reserve on the lakes. I recommend that the Polson Company be given the contract for this vessel.' Now, Mr. Miller, it may quite be you have no knowledge of the circumstances, but you will observe that in this memorandum which I have now read there is no reference whatever to the Bertram tender.

Hon. Mr. CASSELS.—Mr. Watson, the tender of the Bertrams would be based upon a certain specification. The contract of the Polson Company would give the dimensions of the boat they were going to construct. The two contrasted together will show at once whether the one is larger than the other.

Mr. WATSON.—Yes, my lord. I have the original here from the Bertram Company. I have read a copy of it, my lord.

There is an additional memorandum—I will just take the balance of the record, my lord: 'The department while accepting the specification for engines and boilers' (this is from Mr. Spain) 'as set forth, at the same time it is to be understood that the department will not be responsible in any manner for the size of the engines or boilers or the efficiency of same to produce the results required, for which the builders must be wholly responsible. Also, in addition to the specification it is understood that the boilers are to be placed high enough from the bottom of the ship to allow access to examine them, painting and cleaning at any time.' That is the 28th October. Then there is a copy of a letter of the 17th November to Polson. 'The minister has accepted your tender for new cruiser to replace *Petrel* on lakes. Specifications are now being prepared and you will be advised when ready for signature.' The next is dated the 28th November, my lord, a letter from the deputy minister to John Bertram: 'In answer to your letter of November 28th, I have the honour to return to you your plans and specifications for a twin screw fisheries defence vessel for the Dominion Government.' So that those had evidently gone back.

Now, my lord, in as much as this apparently proceeds upon the recommendation of Mr. Spain as an official, I think if the other specifications are in existence it may be deemed not only proper, but necessary, that they should be here. Will you telegraph to Mr. Anscombe, of the Bertram Works, Toronto, to come down with the plans and specifications?

Hon. Mr. CASSELS.—On which he tendered.

Mr. WATSON.—Referred to in the tender of the 13th October, 1903.

Q. What was the cruiser?—A. 1903, the *Vigilant*.. She had no name at that time.

Q. The cruiser of the 13th October, 1903. That will solve it.

Hon. Mr. CASSELS.—Yes, by contrasting the tenders.

Mr. WATSON.—Of course, my lord, that is necessary, and it is understood as being limited to the conduct and acts of officials, and we are not seeking beyond that to make any investigation as it is not within the purview of the Commission at all.

Hon. Mr. CASSELS.—No.

By Mr. Watson:

Q. Well, who would have personal knowledge of that in your business, that is, of any difference in the specifications?—A. Mr. Polson.

Q. Mr. Polson himself?—A. Yes.

Q. Now, that was a large contract, and in view of the circumstance that another tender was put in for the proposed vessel which was nearly \$40,000 less, whether there were changes or whether there were not I am not questioning for the moment. I think it properly arises that it should be known whether there were very large profits in that transaction, the building of that ship. Are you prepared to answer or do you know?—A. I do not know without referring to the books.

Q. You do not know, I see. Can you tell by referring to the books?—A. I don't know really whether the books here will show that or not.

Q. Has a statement ever been made up with regard to the construction of that ship?—A. Certainly.

Q. Showing the cost and profit?—A. Certainly.

Q. Oh, well, that is a matter of easy reference then?—A. Yes.

Q. You see, Mr. Miller, how it arises in connection with the two tenders and the difference, assuming there was not very much material difference between the ships, if there was not any material difference between the ships, then the position is you would be getting nearly \$40,000 profits over and above what the Bertram Company would have got—Perhaps they could not have got any?—A. If the boats had been the same, certainly; they were not the same.

Q. You say they were not the same. Now, you had other contracts with them?—A. No new contracts. We had some repair contracts after that.

Q. Well, you had a contract for the repair of the Canadian Government steamer *Petrel*?—A. Yes, to fix her up to go down to salt water; she was a fresh water boat.

Q. Did Mr. Spain have to do with that?—A. I don't know.

Q. Do you know if any other official had to do with it?—A. No, I don't know anything about it at all. That time I naturally suppose Mr. Spain had to do with it, but I don't know.

Q. I see, the consideration in that was \$18,445. That is apparently a contract signed in the usual way. Then there is another contract for three separate and complete condensing outfits. Do you recollect about that?—A. No.

Q. 26th November, 1906, \$11,400. Do you know anything about that?—A. No, I don't know.

Q. Then there is another contract for a dredging pump and triple expansion steam engine for dredge No. 15, \$14,500. Any knowledge of that?—A. No.

Q. That would all be with Mr. Polson, eh? Then we have the contract, to which reference has already been made, for the other cruiser. Then in addition to that you had a considerable amount of work I understand for which there was no contract, in respect to which there was no contract?—A. I don't think there was much work that way. There may have been an order for a wheel, but there was no heavy work.

Q. Can you tell how much it would amount to?—A. No. Mr. Jeffrey might know, I don't know.

Q. Mr. Jeffrey just says that would not be large, it might be about \$20,000 on the different contracts?—A. I doubt that much. The books would show that.

Q. Now, that work done without contract, was there any fixing of prices?—A. No, just the ordinary job prices, just the same as we charge any one else.

Q. Eh?—A. Just the same as we charge any one else.

Q. Quite sure about that, no excessive charges?—A. As far as I know anything about it.

Q. Nothing in excess of what you would charge others?—A. Not that I know of.

Q. And those contracts would be entered into through the officials at Toronto?—A. I don't know.

Q. I mean to say those arrangements in which there was no contract would be entered into through the officials?—A. I don't know how that is done.

Q. You do not know how that is done?—A. At that time I don't know whether that was done right direct with the department or the officials.

Q. The correspondence, I understand, indicates you would get the order that way from the officials of the department to do the work?—A. It would be confirmed by the department if we did.

Q. Probably so.—A. That is the way it is done now I know.

Q. Prices not being fixed. Now, in those cases you say that being job work the prices would not be in excess of the prices charged to others?—A. Just the same as far as I know.

Q. As far as you know?—A. We have regular scales.

Q. Let me ask in respect to that, Mr. Millar, if you please, if you have not any objection to answering, in a case of that kind where no prices were fixed and where done by the labour of men, as it would necessarily be, what profit, if any, do you add to the labour? Say, for instance, you have 50 men employed or 20 men employed at a certain rate per day working upon the job, what profit do you add?—A. Well, I don't know it is a question I care to answer, what our ordinary job rates are.

Q. You say those are ordinary job rates?—A. I don't know I care to make it public.

Q. Have you any knowledge whether any official was aware what profit you were charging on the work of the men?—A. No.

Q. Eh?—A. I don't know.

Q. You do not know. Have you any reason to think they knew, were any inquiries ever made to your knowledge?—A. I could not tell.

Mr. WATSON.—If Mr. Miller objects, as he does, I do not know I have a right to press it, subject to what your lordship says, of course?

By Hon. Mr. Cassels:

Q. Mr. Miller, in other cases outside of government work altogether what kind of gratuities were you in the habit of giving to the employees bringing the work?—A. Well, as far as I am concerned I don't know. Of course, at times there may be something of that thing done.

Q. Do you not take the trouble to look at the accounts to see?—A. Very small as far as we may—

Q. Cannot you shorten this whole proceeding by telling us what gratuities the officials of the Marine Department got from that work?—A. I don't know they ever got a cent.

Q. Can you tell us how we are going to find out whether they got anything?—A. I don't know. Mr. Polson is the only one who would know anything about it.

Q. He is gone somewhere else?—A. Yes.

By Mr. Watson:

Q. That is the position so far as you are aware.

By Hon. Mr. Cassels:

Q. Was he the trusted agent to look after all that kind of thing?—A. Yes, if there was anything of that kind.

Q. Any greasing?—A. If there was.

Q. Yes. That was left to him?—A. He ran the business.

By Mr. Watson:

Q. Now, with regard to the *Aberdeen*, I understand there was considerable work done by you upon that ship?—A. I think that was all by tender if I recollect.

Q. There was no contract apparently?—A. The *Aberdeen*?

Q. Yes.—A. I understood there were contracts.

Q. I find here a letter of July 6th, 1905, written by Mr. Polson to Mr. Spain:—
 ‘I now enclose you tenders for all the work necessary on the *Aberdeen*...I have only now been able to get correct figures on this work as we have the old boilers removed and the dirt cleaned out. We also wish to draw your attention to the fact that we tendered for a new donkey boiler on the 15th of June and have not yet received any reply. As this boiler will take some time to build it will be well to let us have your order for this at once if you intend building a new one. If not, your order for repairing the old one as early as possible. I think the enclosed tenders cover all the work that is necessary to put the boat in first-class condition, and if there is anything else that turns up we will advise you. Would like to have your acceptance of this as soon as possible so that the work can be proceeded with. I have given instructions to-day to put the night gang on the boilers so that the work can be proceeded with continuously, and we are doing our utmost to have the boat completed by the 10th of August next. We return herewith the list made out by your chief engineer and enclosed with your letter of May 15th.’ Then the tenders follow. Now, there does not appear to have been a contract made following upon these.—A. I thought a contract had been made. I have no personal knowledge of that. I understood there were contracts made for all that work.

Q. No, not that I can find at all events.

Hon. Mr. CASSELS.—I suppose the acceptance of the tender would make a contract.

Mr. WATSON.—If they proceeded and worked upon it. Yes, my lord, it might be so.

Q. Now, what was the total amount of work done to the *Aberdeen*, how much did that amount to?—A. Mr. Jeffrey is getting it out.

Q. Oh yes. Now, it appears that there were considerable extras over and above the amounts mentioned in these tenders, that the tenders in the first place for this were \$17,000, and that afterwards your account in respect to the same ship amounted to \$45,423. That is a pretty handsome increase?—A. Well, there would be a lot of extra work there.

Q. I should say so. The difference between \$17,000 and \$45,000, how do you account for that, Mr. Miller?—A. There must have been further tenders in that or a lot of work done.

Q. Apparently not?—A. Then there was a lot of job work done.

Q. There was a great deal of job work, that is the difference between \$17,000 and \$45,000, \$28,000?—A. Yes.

Q. Is there anyone in your business can explain that, or is it a matter Mr. Polson had to do with?—A. I don’t know if Mr. Jeffrey——

Mr. JEFFREY.—I had nothing to do with that \$17,000.

By Mr. Watson:

Q. The boilers are not included in that \$17,000.—A. Another contract.

Q. That would have the effect, if so, of increasing it?—A. They were very heavy boilers.

Q. Mr. Perron tells me the boilers are in this, two boilers, \$12,900.

Mr. JEFFREY.—I don’t know what total you have.

Mr. WATSON.—Total \$17,000.

Mr. JEFFREY.—There is the \$17,000, these two items. (Indicating).

Mr. WATSON.—That is right. But I say the boilers were apparently included in the first \$17,000.

Mr. JEFFREY.—Excuse me, Mr. Watson.

WITNESS.—\$25,000 appears there.

Mr. PERRON.—Go over, you will find \$45,000.

By Hon. Mr. Cassels:

Q. Is that the original tender, Mr. Miller?—A. Yes.

Q. Let me see it?—A. This is just a memorandum.

Mr. WATSON.—It is quite impossible for us, my lord, to follow through the files to reach an accurate result.

Hon. Mr. CASSELS.—Oh, yes

Mr. WATSON.—They might be able to do it.

WITNESS.—Here is page after page of it.

Q. I know there are small sums.—A. They make up \$45,000.

Q. \$45,000. There is no doubt about the contract going in for \$45,000.

Hon. Mr. CASSELS.—The only way to get at it is, what was supplied under the original tender and what was supplied afterwards.

By Mr. Watson:

Q. This is all for the *Aberdeen*, \$45,000?—A. Yes.

Q. Now, I see with regard to those boilers you put in a tender on June 23, 1904, and that seems to have come before Mr. Spain, that was \$12,960; and there is a tender here from Babcock & Wilcox apparently for the two same boilers?—A. Not the same.

Q. Not the same, but for boilers for the ship?—A. Yes.

Q. \$11,666.—A. There is a great difference in the price of boilers. It depends on the sort of boilers you put in. With water tube boilers there is a great difference in price and efficiency. There is the question whether they were the Babcock or the Thorneycroft-Marshall.

Q. There is the difference?—A. They are supposed to be the best boilers made, the water tube boilers.

Q. Now, some information was given in Halifax that a propeller was charged by your firm as furnished to the *Aberdeen*, and that the propeller was not afterwards found on the *Aberdeen*.—A. Well, we——

Q. Have you any knowledge or information about that?—A. I don't know what we would have to do with propellers like that. We have not a dry dock. We could not take a propeller off and put one on.

Q. Then can you say whether or not the account, or can either of these gentlemen say whether the account included a charge for a propeller?

Mr. JEFFREY.—I am almost certain it does not.

By Mr. Watson:

Q. You cannot give any information about it, Mr. Miller?—A. No. I know this, if we got anything we would not charge anything without giving it to them. There is nothing like that done.

Q. And in the same way it is said that a condenser was charged for and that it was not afterwards found on the ship?—A. Condenser?

Q. Yes.—A. She had a condenser on when she came from salt water. We did not put a condenser on. She was a salt water boat to start with.

Q. You do not know anything about that personally?—A. No.

Q. And in the same way some stokers were put in?—A. I did not have anything to do with them.

Q. Did you not?—A. We don't make stokers.

By Hon. Mr. Cassels:

Q. Where is the detail account you rendered of the work you did?—A. I don't know. We had nothing to do with the stokers anyhow. That would be the Jones Underfeed.

Mr. WATSON.—Now, the information I have, my lord, is from the officers of the Department. There is no detail account here.

Hon. Mr. CASSELS.—They told us in Halifax there were certain things charged for in the account which were not on the boat when the boat returned. Now, the detail accounts making up the total cost will show how that cost is applied and whether those things were included.

Mr. WATSON.—Yes, my lord. Mr. Jeffrey is looking for that.

Mr. JEFFREY.—It will take some time to look up.

Mr. WATSON.—Now, just a moment please. Let me intervene, Mr. Jeffrey. Have you any personal knowledge now of these matters that I have just been inquiring of Mr. Miller about, the propeller and condenser?

Mr. JEFFREY.—I am certain there was no propeller. I do not know what we would be doing with a propeller.

Q. You are certain none was charged for?

Mr. JEFFREY.—I am certain none was charged for, I will make sure of it, anyhow.

Q. Can you produce details of the account?

Mr. JEFFREY.—I have the details right here.

Mr. MILLER.—(Witness) Placing new boilers, supplying new funnels, repairing engine and condenser.

Q. Do those show particulars of the \$45,000?

Mr. JEFFREY.—The total of each account rendered, they don't give particulars of the items.

Q. You do not furnish the items?

Mr. JEFFREY.—No. I suppose there was a contract.

Q. This is the *Aberdeen*. There was a contract for \$17,000 which got up to \$45,000.

Mr. JEFFREY.—I don't know where the \$17,000 comes in. This shows here \$45,000, the different contracts.

Mr. WATSON.—The trouble is there was no contract ever signed, my lord, with regard to the *Aberdeen*.

Hon. Mr. CASSELS.—Oh.

Mr. WATSON.—These amount—

Mr. JEFFREY.—This is the first one (indicating).

Q. That is for the month of November 1905, there is \$21,289. Now, where is the balance of it?

Mr. WATSON.—My learned friend Mr. Perron, points out to me, my lord, the accounts on file in the Department are just in this form. 'From the Polson Iron Works, steamship *Aberdeen*, placing new boilers, supplying new funnels, new casting etc., and making all pipe connections as per Mr. Schmidt's orders, \$2,900.' There are no details in that, and that is signed underneath by Mr. Schmidt, and apparently it is paid upon that statement. That is the way it goes.

Mr. PERRON.—Yes.

Mr. WATSON.—That goes all through these others?

Mr. PERRON.—Yes, nine of them.

Mr. WATSON.—And all the other items of that account are just in the same way. The general item is 'per Mr. Schmidt's order,' and then it is signed by Mr. Schmidt. I file these.

(Departmental file marked Exhibit 409.)

Hon. Mr. CASSELS.—I suppose the result is probably this, the original contract was subsequently enlarged by orders, that contract and the orders will show how that \$45,000 is made up.

Mr. WATSON.—Now, the memorandum—this my lord just illustrates it. Perhaps we are getting into a lot of detail here that may not be necessary or essential, but I read to your lordship there from the \$2,900 item showing the work was done by Mr. Schmidt's orders, and this memorandum afterwards by Mr. Spain, evidently sent in the regular way dealing with that \$2,900 says:—'Contract price for replacing boilers in the vessel and making all pipe connections betwixt engines and boiler, it then not being known that underfeed stokers would be fitted.' Now your lordship will see that does not agree with the account there at all really. Take that \$2,900, that is a different statement from this. I just file this memorandum as well, my lord.

However, I am not going to pursue it. That shows at all events the course that was pursued by the official in regard to that matter.

(Memorandum marked Exhibit 410).

This can be compared with these items. That will do—can you give any further information about that, Mr. Jeffrey?

Mr. JEFFREY.—I was waiting for you to get through.

By Hon. Mr. Cassels:

Q. Mr. Miller, you have your clerk here, have you not? Take these orders here, there is a quantity of work carried out upon the order of Mr. Schmidt. Now, cannot one of your clerks take these orders and show how much of this is extra work?—A. All this work was contract.

Q. Could they not prepare a memorandum?—A. Yes, they could show that statement, certainly.

Q. What was the contract here and what was the amount of the additions per Mr. Schmidt's orders. There is \$4,475, there is \$850, there is \$5,844, there is \$2,480, there is \$1,970, there is \$1,570, there is \$900—these seem to be extras—there is \$450, \$700, \$1,744. I would like to see how that \$45,000 was made up. These are supplementary orders given by Mr. Schmidt. It is very easy to make it out, the figures are all there. A statement could be made showing the original contracts and the supplementary orders.

Mr. TINDALL.— Yes.

VANRENSSELAER MARSHALL, sworn.

By Mr. Waleon:

Q. Mr. Marshall, who is the Brockville Lumber Company?—A. Well, you mean who compose the company?

Q. Yes?—A. It is a joint stock company.

Q. An incorporated company?—A. Yes.

Q. Are you president of the company?—A. Yes, sir.

Q. And who are the chief shareholders?—A. Well, I am the largest shareholder. I think Mr. W. J. Sheppard, manager of the Georgian Bay Lumber Company, is perhaps the next largest shareholder. W. H. Comstock, Brockville, and the estate of the late C. E. Fulford, I think have some stock, Mr. Brummell, of the Pembroke Lumber Company, has some stock, our secretary-treasurer, Mr. Lowey, and our assistant manager, Mr. Geish—

Q. That is enough, just generally. I see you had a considerable account with the department during a year or two amounting to \$19,421, that runs through the three fiscal years?—A. We commenced with them January 1, 1905.

Q. 1905?—A. Yes.

Q. And this amount is for lumber?—A. Lumber altogether, I think.

Q. Yes, that is lumber altogether. And these were sold for delivery where?—A. Well, the larger part of them I think were delivered at Prescott.

Q. And the balance?—A. Some of them would perhaps be f.o.b. Brockville, their place of business.

Q. As far as I can now observe by the accounts there were not any written contracts?—A. There is one.

Q. Oh, yes, one is pointed out to me. There was one contract, that was September, 1906. That is the only contract, is it?—A. I think that is the only contract.

Q. That is signed by the present minister and by your firm. That apparently is the only contract. Apart from that material was supplied upon orders given to you, and given to you by whom?—A. We are asked to tender as a rule. If you would permit me, I have I think all the correspondence with me here.

Q. Well, let us see it. Apparently some of it then was the result of tender?—A. It was almost all tendered for. There may have been, and I think there were some

small items that we were simply asked if we could supply and fit them from our local yard. If you will kindly permit me, Mr. Watson. (Produces correspondence).

Q. The correspondence appears to have been with Mr. J. F. Fraser?—A. I think—

Q. The Commissioner of Lights?—A. I think it was largely Mr. W. H. Noble.

Q. Yes, with Mr. Noble, and also with Mr. Fraser apparently. Was Mr. Fraser there at your place of business in regard to the matters?—A. I don't think I ever met Mr. Fraser, I haven't any recollection of it.

Q. That you ever met him?—A. No, sir.

Q. Who has the management, yourself?—A. I have, yes, sir.

Q. Is any one associated with you?—A. Yes, I have an assistant, Mr. Geish.

Q. Oh, I see. And is he the travelling salesman?—A. No, he looks after the retail sales in the yard largely.

Q. Now, the prices you have charged for these, are they wholesale or retail or what?—A. They are wholesale.

Q. Wholesale?—A. Yes, sir.

Q. What is the character of your business, the general character of your business as to prices, wholesale or retail?—A. Wholesale and retail.

Q. Wholesale and retail?—A. Yes, sir.

Q. And what portion of the lumber was sold at above wholesale prices?—A. I don't think there is any of it unless possibly a very small item or two.

Q. Yes. I see that Mr. Fraser certifies to your accounts by memoranda he puts in from time to time. How would he do that do you suppose?—A. I don't know. I don't find any correspondence with Mr. Fraser. I never met Mr. Fraser. Mr. Noble, the assistant commissioner of lights, I think he calls himself, is the man I have had most correspondence with. I have also had some, I think, with the deputy minister.

Q. Yes.—A. And I think I have had some correspondence with Mr. A. Boyle, who is assistant accountant, or—

Q. Yes. Now, then, have you got your books here?—A. Yes, sir.

Q. Let me see your cash-book and ledger for 1904. You know the other officers or officials at Prescott?—A. No, sir.

Q. Mr. Fraser was there, stationed for some time?—A. Well, I have heard of Mr. Fraser, I know there was a Mr. Fraser there.

Q. And Mr. Noble was there. And who else?—A. No. Noble and Mr. Boyle and Mr. Fraser are, I think, the only men I have ever come in contact with.

Q. And what about the foreman carpenter?—A. I don't know.

Q. You don't know him?—A. I have never met him.

Q. You have not heard of his name, Mr. Offspring?—A. I think I have.

Q. You have heard of it. From whom, Mr. Geish?—A. Perhaps Mr. Geish, but I remember that name.

Q. Let us see where the account is, what page?—A. (Witness turns up book).

Q. I cannot find it?—A. I will find it in a moment. There it is (handing over memorandum).

Q. I am not asking you about that. I am asking for the books.—A. I did that to facilitate matters.

Q. It does not happen to facilitate.—A. 164 is the first.

Q. Who is Charles Murphy?—A. That is the storekeeper at Prescott.

Q. Do you know him?—A. I don't know him, sir.

Q. You don't know him?—A. No.

Q. Where is this account?—A. Department of Marine and Fisheries.

Q. This is just for material. Now, let us see your cash account. This is April, 1905. Where is the one before this, please?—A. That is the first.

Q. No, that is April, 1905?—That is the first account we had.

Q. Is it? Have you got your cheque-book here?—A. Yes.

Q. And the cheques?—A. No, sir.

Q. Why not, those were asked for?—A. I have not any cheques in connection with the Marine and Fisheries Department. Here is the cash book, I think the items are all there.

Q. What is this, June, what does this indicate?—A. That is our cash book. Here are the items (indicating).

Q. Those are the parties who paid?—A. Yes.

Q. Have you got a petty cash account?—A. No, sir.

Q. How do you make payments?—A. Largely by cheque.

Q. Any other way than by cheque?—A. Yes.

Q. How?—A. Over the counter very often, small items.

Q. This is cash received?—A. There is the cash paid out, Mr. Watson. (Indicating.)

Q. Cash paid out June 16th. Have you got your cheques and cheque books?—A. We have them at home I suppose.

Q. From the time you commenced, 1905?—A. Yes, sir.

Q. I am sorry, Mr. Marshall, that you did not happen to think to bring them with you.—A. Well, I understood the summons to ask me for all the papers in connection with our dealings with the department.

Q. Yes.—A. We have never had occasion to issue any cheques to them except one that I placed with that, with the tender.

Q. Of course, that Marine Department includes all officials and employees of the department?—A. Well, I might say—

Q. The subpoena refers to that, I think?—A. I might say, expecting to be asked that question, there is the only transaction I have ever had with any official of the Marine Department.

Q. Then, expecting to be asked that question as you did, Mr. Marshall, I am sorry you did not bring the cheques with you. Can you send a telegram for them to be sent down this evening?—A. Do you want all? We have no cheques with the Marine Department in our premises.

Q. With the Marine Department?—A. Or any other department of the government.

Q. We are not concerned about any other department, but with regard to officials or employees. I say there is the only transaction I ever had.

Q. Who is this with?—A. Mr. Fraser.

Q. J. F. Fraser. And what is this?—A. That is lumber he ordered from us and delivered at Maitland. I understand he had some cottage there, doing some repairs.

Q. At Maitland?—A. Yes.

Q. When did he order it from you?—A. The dates are there.

Q. August, 1906?—A. That is the first.

Q. Then it carried on afterwards. And do your books contain reference to this?—A. Yes, sir.

Q. Whereabouts in the books. Where does your cash book show any receipt from Mr. Fraser?—A. September 18th, 1906.

Q. \$52.14, September 18th, 1906.—A. Yes.

Q. What does this mean this entry here, September 18th, 1906? You evidently entered the credit, oh yes, you carried forward there?—A. That was the number there.

Q. There is an account after that, what about the account after that?—A. Well, that was handled in just the same way.

Q. July 20th.

Mr. WATSON.—Then, my lord, Mr. Marshall will send for these cheques.

Q. You have no personal knowledge you say, of any payment to any official or employee?—A. No, sir.

Q. Eh?—A. No, sir, no knowledge whatever.

Q. You have no knowledge whatever. Who would have knowledge or who might have knowledge of such a payment?—A. I think I would if anyone.

Q. Might Mr. Geish?—A. Well, he might, but it is very improbable, that is, if he did, I would know of the payment. He would not pay anything out of his own pocket, of course, and I know nothing has ever been paid by the firm or by me individually.

Q. Well, does he have moneys to expend in his discretion more or less?—A. Nothing, except his own money.

Q. You mean his own spending allowance?—A. His own private money.

Q. That is, you give him an allowance by the day, week or month?—A. He gets his salary.

Q. But apart from that you give him an expense account, do you not?—A. No. If he spends any money he puts in an expense bill and gets his money from the treasurer.

Q. And does he send an expense account in?—A. Yes.

Q. Where is the record?—A. We have them in the office, all our records.

Q. The record of the expense account?—A. Yes, sir. It is very small because we do very little travelling, we have none on the road.

Q. Then that expense account at all events will show any returns made by him of expenditures or payments made. Well, I wish at the same time you would send for that. Can you get that without much difficulty?—A. I could have the vouchers for each year, but it would be a big job to sort them out.

Q. Is there not a record kept in the books?—A. We have an expense account.

Q. Where is it?—A. There would be one in this I think. (Turns up account.)

Q. That is January 31, 1995?—A. Yes, sir.

Q. That shows an expense account in the neighbourhood on an average of from \$700 to \$1,000 a year; \$140, \$1,770, \$936, \$1,017, \$1,130, \$723.—A. That is a hundred different items. I might show some of them here, those in regard to cash and this journal, I can show you a few of those items if you wish.

Q. Take the month, for instance, of June, 1907. What have you got for that expense account, where are the details for that?—A. They are all in different vouchers. Give me any particular one.

Q. Take June, 1907?—A. That is twenty-one is it.

Q. Yes, take the next one, \$907.58, June 30th?—A. Page 218.

Q. That is cash-book, is it not, 'C' is for cash-book?—A. Yes.

Q. June 30th, 1907, page 218, where does that appear?—A. There it is.

Q. Let me see where.—A. \$907.55.

Q. That is just the lump sum?—A. Yes.

Q. What is that for?—A. That is merchandise, freight and duty.

Q. That is opposite another figure. Here is \$1,097, that is another thing; that is \$907.—A. They are under different headings, sundries.

Q. What are the sundries then? You say \$907 is sundries, what are the sundries?—A. Under the head of freight and duty, merchandise. I cannot explain here without the vouchers. We can get that. It is posted here, \$926 you see.

Q. We will just have to have the cheques and cheque books.

Mr. WATSON.—Mr. Marshall will stand until the morning, my lord.

JOHN B. MILLER, recalled.

By Mr. Watson:

Q. Now, Mr. Miller, did you get what we were looking for?—A. Yes. The first thing about that propeller. I find it here. That is for the *Vigilant*, it is not for the *Aberdeen* at all.

Q. It was the *Aberdeen*?—A. There was no charge for the *Aberdeen* for wheels, that is the *Vigilant*.

Q. This is May 31st, 1905?—A. It is a spare wheel.

Q. Just wait, please. May 31st, 1905, spare set of bronze propellers. Spare, what is meant by spare set?—A. They break them, with twin screws she breaks them, she has got to get another pair, they break them against the canal bank.

Q. This is I see certified by Mr. Spain?—A. That is the contract we got right direct from the government.

Q. I see this is certified by Mr. Spain?—A. Yes. They came from England.

Q. I did not ask you that?—A. I am telling you.

Q. Then are you able to say whether or not there was any propeller charged for on the *Aberdeen*?—A. We cannot find any in the bills, that is all I can tell you, we cannot find any charged in the bills.

Q. You cannot find any charged in the bills?—A. We don't know of anything charged.

Q. You are not prepared to say without qualification either way I suppose at the present moment?—A. We would find in the bills here, if there was one charged it would show in the bills.

Q. Well, what I want to know is, are you prepared to say definitely whether there was a propeller charged for in connection with the *Aberdeen*?—A. I am prepared to say the bills do not show.

Q. Well, the bills you have; you may not have all the bills?—A. We have.

Q. Eh?—A. We have them all as far as I know.

Q. Of course, there is just the point, as far as you know.—A. Mr. Jeffrey said there was none.

By Hon. Mr. Cassels:

Q. What do all the bills come to?—A. \$45,423.52.

By Mr. Watson:

Q. That is for the *Aberdeen*?—A. Yes.

By Hon. Mr. Cassels:

Q. In that total is there any item for a propeller?—A. There is no item we can find charged. The propellers were for the *Vigilant*.

Q. But in that \$45,000 there is no charge whatever for a propeller?—A. Nothing at all, sir.

By Mr. Watson:

Q. And what about the condenser?—A. Well, there are several condensers, small things charged here. I don't know what they were. Repairs to condenser, that is all—no new condensers, just repairs, that was certainly done.

Q. Repairs to condenser, I see?—A. You wanted—

Q. From the first of January, 1904, to the present time the total of all items charged to the Department of Marine and Fisheries?—A. \$296,000. That is all our work.

By Hon. Mr. Cassels:

Q. Have you got, Mr. Miller, the extras that made up that \$45,000?—A. We cannot tell, sir, we have nothing to show just what the contract was, but taking it for granted that the boilers were the contract, \$12,900, then the extras would be \$32,523, but we have nothing to show just what that contract was.

Q. Those additions signed for by Mr. Schmidt were done under his orders?—A. Yes.

Q. The addition of those sums would show what the additions were?—A. The additions were \$45,423.52.

Q. But have you added up the additions to the original contracts ordered by Mr. Schmidt which make up that \$45,000?—A. No.

Q. Do those papers show it?

By Mr. Watson:

Q. Those papers do not show it at all.—A. All added up they make that, all the accounts.

Hon. Mr. CASSELS.—The extras on the orders from Mr. Schmidt.

Mr. WATSON.—The way it is put here is including everything, 'placing new boilers, supplying new funnel, new casing, making all pipe connections, as per Mr. Schmidt's orders.' Now part of that was provided for in original correspondence, then it is supplemented by further orders, and then they all come in together.

Hon. Mr. CASSELS.—Mr. Schmidt's orders would be the additions altogether.

Mr. WATSON.—That supplements the original arrangement apparently. 'Putting in new tank and making all connections as per Mr. Schmidt's orders.'

Hon. Mr. CASSELS.—That looks as if Mr. Schmidt gave the orders.

Mr. WATSON.—That does. Then take this, 'Alteration to hull as per our letter of July 6, 1905, and Mr. Schmidt's orders.'

Hon. Mr. CASSELS.—Partly contract and partly additional orders.

Mr. WATSON.—Then again, 'Alteration to hull as per our letter and per Mr. Schmidt's orders.' That is another matter

Hon. Mr. CASSELS.—Yes.

Mr. WATSON.—Yes, your lordship is correct about that, where there was any prior arrangement that is referred to and then supplemented.

Hon. Mr. CASSELS.—Supplemented by Mr. Schmidt's orders.

Mr. WATSON.—Yes. And unless a prior arrangement is referred to by letter it is all new.

Hon. Mr. CASSELS.—That is what I gather.

Mr. WATSON.—Your lordship is right about that.

By Hon. Mr. Cassels:

Q. Have you anything to show what profit you made on the \$296,000?—A. Well, I cannot tell you offhand, but I know very small. We lost a lot of money on government jobs the last three years, we are away behind I am sorry to say.

Q. That is a great pity.—A. It is a pity I am very sorry to say, but we have lost a lot of money on government work the last three years instead of making it.

By Mr. Watson:

Q. You are not speaking of the Marine and Fisheries?—A. It is included in that.

Q. But his lordship asked about the \$296,000?—A. There is some of that we made fair money on, some we lost. To average it I don't think it would average out a fair profit all round.

ROBERT O. MACKAY, Sworn.

By Mr. Perron:

Q. Mr. R. O. or Mr. A. B. Mackay?—A. Mr R. O., sir.

Q. Mr. Mackay, you are in partnership with Mr. A. B. Mackay?—A. We were at that time, but we have sold out. Now it is under a new company.

Q. You have your books?—A. No, I did not bring the books with me. I brought this contract as the whole thing.

Q. But you keep books I presume?—A. I know, but we just got paid, that is the amount of the charter, we just put it through to our credit. We have had this contract a good many years, off and on about 14 years.

Q. Have you got a cheque-book?—A. No cheque-book. We didn't require a cheque-book, it was deposited in the bank.

Q. But you have a bank account surely?—A. Certainly. The amount of the charter was there, the money we got.

Q. How much money did you get?—A. The contract was for \$7,500 for the *Golspie*.

Q. I know the charter was \$7,500, but is that all you got?—A. I don't know anything more.

Q. I am asking you if you got more than that?—A. That is the amount of the charter. There might have been extra time or something.

Q. That is what we want to get at?—A. The voucher will show. There was nothing else paid I am pretty sure.

Q. We want to know if you have put in extra time?—A. No, we have not, we never got paid anything. This present year we have a claim for some insurance.

Q. What is this account for?—A. Delivering lighthouse supplies.

Q. \$48.43. Will you tell what that is for? That was put in by you, was it not? (Handing paper to witness).—A. I don't know what that is for.

Q. I should like to know what this is for?—A. Placing buoys \$7,500, there is the charge.

Q. I am not asking you that. Read this thing over to me.—A. \$48.3.

Q. Will you read it over?—A. It says: 'Department of Marine and Fisheries, Ottawa. Debtor to A. B. Mackay, Town of Orillia.' This is not of Hamilton, we don't live in Orillia, this is not us at all.

Q. It is not you at all?—A. No sir. The town of Orillia.

Q. What is the other one?—A. The other one is—excuse me.

Q. Yes, the other vouchers relate to you?—A. Yes, \$7,500, that is the amount of the contract.

Mr. WATSON.—If that is so the clerk in the department must have fixed them.

By Mr. Perron:

Q. Who is that A. B. Mackay?—A. It must be another Mackay.

Q. Do you know another A. B. Mackay?—A. Not in Hamilton. That is on Lake Simcoe, we have nothing to do with Lake Simcoe. That is a mistake.

By Mr. Watson:

Q. That may have been put there by mistake.—A. It is a mistake

Mr. PERRON.—That is what I wanted to know. Did you receive this money?—A. No.

Q. Did you receive any more than \$7,500 per annum?—A. No. The \$7,500 per annum for delivering supplies according to the contract.

Q. Now, you swear positively that you never received a cent over and above \$7,500?—A. \$7,500, the amount of the contract.

Q. Now, whom did you see to make this contract?—A. Well, this contract was—

Q. Mr. J. F. Fraser?—A. No. It was not done with Mr. Fraser at all.

Q. With whom, Mr. Gourdeau?—A. Yes, and the minister. Mr. Zimmerman, our member at the time—

Q. That is all right. We do not want to know of that. What official?—A. Made through the minister, Mr. Prefontaine.

Q. You never met an official about it?—A. I saw Mr. Gourdeau.

Q. That is what I am asking you.—A. Yes, and we submitted the contract.

Q. How is it you made a tender first for \$5,000 and got \$7,500?—A. I will tell you. That was for the steamer *Miles*, and the owners of the *Miles* withdrew the *Miles*. They waited and never got an answer, so they withdrew the contract.

Q. How is that?—A. They never got an answer and the owners of the *Miles* withdrew it.

Q. Were not you the owner of the *Miles*?—A. No sir.

Q. Are you the owner of the *Golspie*?—A. We bought the *Golspie* purposely for that work.

Q. You bought the *Golspie* for the purpose of this contract?—A. Yes.

Q. And you say you were not the owner of the *Miles*?—A. No.

Q. However, you made the tender.—A. For the Miles Transportation Company.

Q. One second. You made the tender for the sum of \$5,800 on March 16th, 1905?
—A. And then we withdrew it.

Q. Yes. And you say that this steamer was the property of the Miles Transportation Company, Limited?—A. Yes sir.

Q. That is what you state?—A. Yes sir.

Q. You are interested in the Miles Transportation Company?—A. No, I have no interest, I am only a provisional director.

Q. I am asking if you are interested in the *Miles*?—A. No, I am a director provisionally.

Q. You are a director?—A. She is owned by Americans and is a Canadian vessel.

Q. Now, on the 16th of March, 1905, you made a tender as follows: 'F. Gourdeau, Esq., Department of Marine and Fisheries. Dear Sir,—We beg to offer you the steamer *Miles* for the delivery of lighthouse supplies from Montreal to Fort William for the sum of \$5,800. The *Miles* classes A, one and a half, gross tonnage 1199. Trusting our tender will be accepted, we remain, yours, &c. The Miles Transportation Company. (Signed) R. O. Mackay, director.' That is yourself?—A. That is me.

Q. 'P.S.—If successful in securing contract we will sign contract and give suitable security.' You were ready and willing at that time?—A. But they would not accept it.

Q. Wait, please. You were ready at the time to take the contract for \$5,800?—A. Certainly.

Q. And a month or so after you got \$7,500?—A. No, it was sometime after.

Q. How long after?—A. That was in March, and we made the contract in the end of June or July.

Q. I am not asking you when you signed the contract. You made another tender for \$7,500 when?—A. The end of June.

Q. Were you then still a director of the Miles Transportation Company?—A. Yes, I was.

Q. Yes; and are still?—A. And am still, but I have got no—

Q. You were a director, that is all I want to know from you?—A. Yes.

. And when you saw you could not get \$7,500—A. No, they would not give

Q. And when you saw you could not get \$7,500—?—A. No, they would not give

Q. What did you do with the boat?—A. She was employed elsewhere, they had other contracts with her.

Q. Where?—A. She was in the carrying business, she had contracts. We don't manage her, I am only a director provisionally.

Q. I understand that. When you found you could get \$7,500, you withdrew the offer?—A. No.

Q. When did you withdraw the offer?—A. I can't tell you that.

Q. You will have to get your correspondence?—A. They have a copy.

Q. You will have to get it.—A. They have a letter from us, a letter about withdrawing it.

Q. When was it sent?—A. Oh, I suppose probably sent in April sometime.

Q. I want to know when?—A. I cannot tell you. The *Miles* is owned on the other side.

Q. We want your books. You will have to get them.—A. I will get the books.

Q. We want your books.—A. What books do you want?

Q. For 1904, 5 and 6. You have had a contract every year since?—A. No.

Q. Well, the contract was made for two years?—A. And the ship was lost.

Q. And you made another contract for another ship?—A. Last year.

Q. I want to get your books for this period of time and your cheques, stubs and bank-book. Get them to-morrow if you can, please.

JOHN MCKELVEY, sworn.

By Mr. Watson:

Q. Are you Mr. McKelvey?—A. Yes, sir.

Q. Of McKelvey & Birch?—A. Yes, sir.

Q. And what is your business?—A. Hardware, tinware and plumbing.

Q. Hardware, tinware and what?—A. Plumbing and steamfitting.

Q. And I see during the three fiscal years you have had contracts, or performed work rather for the department amounting to \$27,204?—A. I don't think so much as that. \$24,000.

Q. That is what it is here.—A. That is since 1903?

Q. The three fiscal years commencing the middle of 1904 and ending the middle of 1907, \$27,000.—A. Well, I wish there—

Q. From whom did you get the orders?—A. Well, we started under Mr. Fraser.

Q. Which Mr. Fraser?—A. The commissioner of lights.

Q. That is J. F. Fraser?—A. Yes, sir.

Q. Where did you start under him?—A. At Prescott.

Q. Eh?—Prescott station.

Q. At Prescott station?—A. Yes.

Q. How do you mean, started under him, got the first order under him?—A. Yes. My partner, Mr. Birch, went down to Prescott with him to see about the work and got orders to go on with it.

Q. Was there any contract in writing signed?—A. No.

Q. Has there ever been any contract in writing signed between you and the department?—A. No, I think not.

Q. The account is for goods sold and delivered?—A. And labour.

Q. And labour?—A. Yes.

Q. And you are a retail firm?—A. In the plumbing we are wholesale.

Q. But retail in hardware and tinware?—A. Yes.

Q. And the account is made up for the most part of hardware and tinware?—A. No, plumbing principally.

Q. Plumbing is the larger part?—A. Pretty nearly all I think.

Q. I see, considerably more than either hardware or tinware. About how much more than retail prices did you charge?—A. Nothing more.

Q. Eh?—A. Not any more.

Q. Quite sure?—A. Positive.

Q. Retail prices?—A. I don't know we charged them retail prices.

Q. Do you know whether you did or not?—A. I know we did not charge them more because our goods are all marked in plain figures.

Q. Yes, the goods are all marked. And then prices were not fixed before delivery?—A. I think there was a price given for labour.

Q. That is incident to the plumbing?—A. Yes.

Q. But I was taking apart from that, that is for the hardware and tinware, the prices were not fixed for that?—A. No.

Q. So that you were just receiving orders to furnish goods, and then you sent in your account fixing your prices which you thought were proper prices to charge; is that right?—A. That is right.

Q. That is the way it was?—A. Yes.

Q. And then that was all done through Mr. Fraser apparently, is that right?—A. I would not be sure it was all done through Mr. Fraser. We received orders from the other men at Prescott as well as Mr. Fraser.

Q. Yes. From whom else did you receive orders?—A. Mr. Boyle and Mr. Noble.

Q. Who is that?—A. Mr. Boyle and Mr. Noble.

Q. Mr. Boyle and Mr. Noble, yes. Now, I see on one occasion by a letter here that during the year 1905-6 you furnished hardware on which you were paid during that year \$5,807?—A. There could not have been much hardware in that, sir.

Q. Well, the letter speaks of hardware, accounts for hardware, \$5,807?—A. They look upon steamfitting and plumbing as hardware, but there could not be much hardware. Of course, the books will tell just what there was.

Q. But the fact is that the purchases were made without fixing prices, and the prices charged, according to your statement, were ordinary retail prices?—A. I did not say that, not in connection with plumbing.

Q. But in connection with hardware and tinware?—A. I should think so, I should think there would be retail prices.

Q. You would think so. Then that implies there might be a little bit more?—A. No, I swear there would not be more.

Q. You are sure it would not be more?—A. We are not in the habit of charging the government more than other people.

Q. No?—A. No, sir.

Q. We have the particulars of your accounts here I think?—A. If you have not you can get them in them books.

Q. Yes. Have you ever taken occasion personally to compare these prices with the prices at which goods were being sold to other persons?—A. Oh yes.

Q. Eh?—A. You mean persons to whom we had sold them.

Q. Yes.—A. Yes, I have looked at them.

Q. When did you do so?—A. When the accounts pass through the books.

Q. When the accounts pass through the books?—A. Every morning if I am there.

.. Q. What would you do?—A. Look them over.

Q. That is if you are there?—A. Yes.

Q. Then if you are not there they may go through without being looked over?—A. I am not often away unless sick.

Q. Then how did Mr. Fraser, Mr. J. F. Fraser happen to certify to all these accounts?—A. How did he?

Q. Yes.—A. I cannot tell you that.

Q. I see they are certified by him.—A. I don't know why he certified to them.

Q. How often was he there at Kingston?—A. I never saw him but once there.

Q. What was he doing there?—A. I could not tell you that.

Q. He was there at your place of business?—A. No, it was not in the store I saw him, I met him on the street.

Q. Then did you discuss these business matters?—A. No, I never talked business to him at all.

Q. Then with regard to Mr. Fraser did you have any personal transactions with him, that is your firm?—A. Yes.

Q. You had?—A. Yes.

Q. Of what kind?—A. We fitted up a house for him in Ottawa.

Q. You fitted up a house for him in Ottawa?—A. Yes, the plumbing.

Q. When did you do that?—A. We finished it sometime in 1905 I think.

Q. You finished it sometime in 1905?—A. Yes, I think.

Q. When did you commence that?—A. The latter part of 1904 I think. I have his account here. I thought perhaps you would be wanting it.

Q. Yes, you are quite right.—A. I thought that was the cause of your bringing me down here.

Q. People will think.—A. I would not give a rap if a man would not think. December, 1904 we started.

Q. You started in December, 1904?—A. That is the first charge in the bill.

Q. Let us see.—A. (Witness produces bill.)

Q. This is the bill. I want to see the books.—A. You cannot see the books with reference to that.

Q. Why not?—A. We have not got it in the books.

Q. Have you not got an account with Mr. Fraser in your books?—A. Not in our regular books.

Q. Why not?—A. We keep what we call a job blotter. The account was written up there and by some means, I don't know how, the book-keeper omitted taking it into the regular books.

Q. What?—A. The book-keeper omitted taking it into the regular books.

Q. That is unfortunate.—A. I don't see it is, I don't see any misfortune about it. We have the account there.

Q. Was there a similar omission with regard to any other account?—A. No, I think not.

Q. That is the only account in which such an omission has occurred?—A. Just wait a moment. You are speaking now in connection with this department?

Q. I am speaking of Mr. Fraser's account.—A. I know, but you asked me a question whether any other account was omitted to be taken out of the job blotter. In connection with this account, no, but there have been lots of other accounts done in the same way.

Q. That is accounts for individuals that have been omitted to be entered in the books?—A. No. The amount was entered, but the items not taken in.

Q. Where is there any entry in regard to Mr. Fraser's account?—A. There it is (indicating.)

Q. This is made up as a typewritten document, beautiful in its shape.—A. I swear that is correct.

Q. I dare say. I want to see any entry in the book. This covers how many pages?

By Hon. Mr. Cassels:

Q. The total is carried into your books?—A. In the ledger.

By Mr. Watsons

Q. This covers seven typewritten pages, all apparently just newly typewritten.—A. Those are typewritten.

Hon. Mr. CASSELS.—Mr McKelvey says the total amount is carried into the ledger.

Mr. WATSON—Let me see it.

WITNESS.—I did not bring the ledger.

Q. When was that typewritten?—A. Two days before I left.

Q. Two days before you left home?—A. Yes

Q. This was just got up to bring down here?—A. Yes. I might have brought the blotter.

Q. What was this made up from?—A. From the job blotter.

Q. You have this job blotter?—A. At home

Q. Did you not bring that down?—A. No.

Hon. Mr. CASSELS.—Nor the ledger

By Mr. Watson:

Q. Nor the ledger. Now, you see, Mr. McKelvey, we ought to have those.—A. I don't see why. It would be exactly the same as this.

Q. I dare say, but we will have to see for ourselves.—A. There would not be a particle of difference.

Q. I am not saying there is any difference, but we have just to see for ourselves, we cannot discriminate with different witnesses.—A. All right sir, if you say so I will telegraph.

Q. Then your cash book and cheque books?—A. It is there, the cash book, and the bank book is there (indicating).

Q. Then I suppose we had better wait, there is not much object in pursuing it with you now.—A. I wish you could let me away to-night.

Q. If you had brought your books we could—A. The only book is the book with that account

Q. It is one of the important books—A. I say that is an exact copy of what is in the book.

Q. We have to see the books.—A. Suppose you say that is the book?

Q. It is not the book. It would be saying something quite inaccurate.—A. What do you want to get at, the account with Mr. Fraser?

Q. Just the facts.—A. There is the facts.

Q. We will have to see the books, Mr McKelvey.

(Copy account marked Exhibit 411.)

By Mr. Watson:

Q. You will be able to get them for to-morrow, will you, Mr. McKelvey?—A. I will go and wire for them.

By Hon. Mr. Cassels:

Q. You understand no one is disputing your statement.—A. Remember, it is not one of our regular books, simply a small blotter. Sometimes the bookkeeper to save writing will keep it there until they come to settle.

Q. I understand from you this account was not entered in the regular books at all?—A. I beg your pardon, the account is written up in the ledger.

Q. I know the total amount at the end. But the particulars of it?—A. The particulars is written up in a blotter.

Q. You say this work commences in December 1904?—A. Yes.

Q. And there is no date of when it ends?—A. Yes.

By Mr. Watson:

Q. Is there? Let us see.—A. There is at the bottom.

Q. No, there is no note of when it ends. Then there is 1906, it was going on for perhaps a year and a half?—A. Yes.

Q. Now, I want to see the record of the work and material as it progressed?—A. You see it all there.

Q. Oh, I know, but this is made up the last couple of days.—A. It is exactly the same as in the blotter.

Q. The total of this account is \$2,401?—A. Yes.

Q. Did you do any work similar to this for the department?—A. Yes.

Q. You have done work similar to this for the department?—A. Yes.

Q. Have you yourself personally compared the charges made to Mr. Fraser with the charges made to the department?—A. You mean prices?

Q. The prices?—A. No, I have not.

Q. Oh, you have not. Now, we will have to compare that?—A. All right. The books are there, I can help you.

Q. You have not compared it. Are you able to make a statement now as to whether the prices are more or less than the prices charged for similar work to the department?—A. Not without looking there to see. There is one thing, I don't think they are any more.

Q. I thought you said you are not able to state?—A. I said I don't think so.

Q. Well, that just shows, Mr. McKelvey again, it will be necessary to have the books here if you please.—A. Do you mean you want the ledger too?

Q. Yes?—A. That means bringing my bookkeeper here.

Q. Not necessarily.—A. I would not risk my ledger.

By Mr. Godfrey:

Q. Just one question. That account has been paid?—A. Certainly.

Q. By Mr. Fraser to you?—A. Yes, it has been all paid.

Q. Did he get any special benefit out of it?—A. No.

JOHN H. DAVIS, sworn.

By Mr. Watson:

Q. What firm?—A. The Davis Dry Dock Company.

Q. Oh, yes, the Davis Dry Dock Company, Kingston. I see the amount that is entered representing work and material by your firm is \$4,460. Is yours an incorporated company or a partnership?—A. Partnership.

Q. Who is associated with you?—A. Well at the present time there is the executors of the estate.

Q. Executors of whose estate?—A. One of the partners died.

Q. Your father or brother?—A. No, my mother.

Q. The executors of your mother's estate?—A. Yes, sir.

Q. What was this for, Mr. Davis?—A. Repairs to the Dominion steamer *Scout*.

Q. Repairs to the Dominion steamer *Scout*?—A. Or the rebuilding.

Q. The Dominion steamer *Scout*. Was this according to contract?—A. Yes, sir.

Q. And how much extras are there above the contract?—A. Not very much.

Q. There is the contract you produce, dated 4th July, 1905. It does not correspond with the particulars given to me in the department. I do not know which is right?—A. In what way?

Q. In amount. The contract is dated 4th July, 1905, it is for these repairs, rebuilding the hull of the Dominion steamer *Scout*, damaged by fire, now lying at Kingston, \$6,745.—A. That is the exact amount.

Q. That is the amount mentioned in the contract, and this is signed by your company and by the deputy minister?—A. Mr. Gourdeau.

Q. It is not signed by the minister. Now, let us see what took place under this, let us see your books, please?—A. (Witness opens up books.)

Q. What book is this you produce?—A. Ledger and journal. These are leaves of—

Q. Leaves of what, copies?—A. Correspondence.

Q. Where is the letter book?—A. At home.

Q. It is unfortunate to take leaves out of your letter book?—A. We did that on previous occasions and did it without—

Q. What other letters are there there?—A. Those are the only other letters.

Q. Those are letters written to the Minister of Marine and Fisheries?—A. Yes, sir.

Q. Is there an index for the letter-book?—A. I think there is an index in the book, yes. That is, on each page, a finger index.

Q. There are other letters here, some written to Mr. Jackson?—A. They may have been duplicates that have been cut in, at least they may have been copies of letters that were stuck to those others.

Q. I see. Now, how do we know there are not any other letters in that letter-book?—A. Well, I took all the letters that were in that book.

Q. You took all the letters written to the minister?—A. Yes, sir, and all to the department.

Q. But these are all written to the minister?—A. Correspondence there with the minister direct.

Q. With the minister?—A. Yes.

Q. I want to see the correspondence that was with somebody else than the minister. This inquiry is not in connection with the minister, but with the officials.—A. There were no letters written with any official aside from the Minister of Marine.

Q. It is too bad, it would have been almost as easy to bring down the letter-book as the leaves.—A. I suppose, but at the same time those are the only letters bearing on the thing.

Q. Now, where are the entries in the book?—A. (Witness opens up book.)

Q. Did you consult with anyone before coming down?—A. No, sir.

Q. Then these appear at page 54, do they?—A. Yes, sir.

Q. This is the ledger?—A. The ledger.

Q. Ledger A. These contain what kind of entries?—A. That is an entry from the journal.

Q. Well, you have got here, 'Contract, \$6,000.' You left off the \$745.—A. This is 1903.

Q. Eh?—A. You want 1904.

Q. Well?—A. Now, here is the contract which you speak of now, 1905, July. This here is prior.

Q. Certainly it is prior if it is 1903. This is another contract, 1903?—A. That is lengthening and rebuilding the bow of the steamer.

Q. Yes, you are right. Then the next one you have got here is the 4th July, 1905. Well, now, what are these particulars here, what is that keelsons?—A. That was an extra.

Q. Extra?—A. Extra. The keelsons that were ordered.

Q. Ordered by whom?—A. I don't know at the present time who they were ordered by.

Q. Then there are a couple of other small extras, is that right?—A. Yes, sir.

Q. And where are the other entries in the books?—A. Those are the only entries there.

Q. That is just a bulk sum, \$6,745?—A. That is the total contract.

Q. I know that. Where are the entries of the work as it progressed and the debit and credit account with the firm?—A. (Witness turns up ledger.)

Q. That is just one bulk sum?—A. That is all we have, sir.

Q. Well, the other people you charge up in detail?—A. Well, we charged that in detail as we got it.

Q. Let me see it.—A. That is the only detail we have.

Q. That is not detail, that is bulk, \$6,745.—A. There is the contract there.

Q. I know that, but where are the charges in detail, the debit and credit?—A. Mr. Watson, we have not got any.

Q. You have not got any?—A. Nothing at all. We simply take the contract at the prices stated in the contract. We made entries of it in the first place, I think the first amount is \$2,500.

Q. How do you know how much that cost you?—A. That contract?

Q. Yes.—A. Well, we have—in fact I don't know, we don't know yet just exactly how much.

Q. You make an estimate of it?—A. We estimate it from being experienced in that line of work.

Q. But were are the figures showing the amount disbursed?—A. I don't know we have any figures.

Q. But you must have some figures, you do business as a dry dock company?—A. It is not really necessary.

Q. It may not be necessary, but in the ordinary course of business you keep records?—A. We have our workmen's time.

Q. And material account?—A. Material, we sometimes keep that. We don't keep that over after the job is done, those books might be destroyed.

Q. I know they might be. They might not be.—A. I could not find anything further in connection with this transaction.

Q. This is 1906?—A. Yes.

Q. 1906?—A. That is a very little time ago?—A. Two years ago.

Q. You see, I want to see the items of disbursements. There may be something interesting in those items. Now, you can furnish those items of disbursements?—A. I cannot.

Q. Can you show how that amount is arrived at, apart from the contract?—A. No. We made a tender on the thing, a lump sum for doing the work complete.

By Hon. Mr. Cassels:

Q. How did you get \$2,000 less than the tender?—A. We did not. There is a mistake there somewhere.

Q. Your receipt is \$4,460?—A. That was the final payment.

Q. Where is the previous payment on account?—A. It accompanied the contract I believe.

By Mr. Watson:

Q. Where is the cash book?—A. We have no cash book.

Q. What?—A. We have no cash book.

Q. No cash book?—A. No cash book.

Q. Had you a contract before the work was commenced?—A. The work was at the company's—

Q. But you say the other portion, the difference of \$2,000 accompanied the tender?—A. When it was returned from the Marine and Fisheries.

Q. But you had not commenced any work then?—A. I am not sure if we had. We had a very short time to do the work and they asked us to hurry the thing along.

Q. Then you say at the time you got the contract you got a payment on account before you did any work?—A. That is right.

Q. Before you did any work?—A. I think we had started the work.

Q. The contract is dated the 4th July. Had you started work before that?—A. I am not certain of it. I think we had though.

Q. You think you started work before you got the contract?—A. I think so.

Q. Then I see Mr. Fraser certifies this account?—A. I don't know who certifies it.

Q. Eh?—A. I don't know who certified it.

Q. Did you see Mr. Fraser there?—A. No sir, I have not seen Mr. Fraser.

Q. Where is your account with your customers?—A. It is in here (indicating).

Q. Whereabouts? Let us see the index of that.—A. (Witness turns up book.)

Q. That is another book?—A. That is the ledger.

Q. Where is the index to this?—A. I don't know. That is an old book discarded.

Q. Where is the present book then?—A. There (indicating).

Q. This runs up to December, 1906. Was there an index to this?—A. Yes.

Q. Then where is it now? You see you do not help us much with particulars.—

A. I am sorry we cannot help you more.

Q. Don't you think you could help us a little bit more?—A. I don't know how I can now. The index of that book has been—

Q. You might help us by getting some details of the expenditure. Have you got your cheque-book here?—A. No, nothing more than the journal there.

Q. Nothing more than the journal. That is not a cheque-book at all?—A. Oh no, we have nothing.

Q. They were asked for in the subpoena.—A. I could not find any cheque-books.

Q. You have cheque-books?—A. We have a cheque-book now.

Q. But you had a cheque-book last year?—A. We had one last year but it has been mislaid.

Q. When was it mislaid?—A. About two years ago.

Q. Two years ago. But it was last year you had it?—A. 1906.

Q. How do you know it was mislaid in 1906?—A. I say the cheque-books of 1906 were mislaid.

Q. When?—A. About the end of 1906.

Q. Who mislaid them?—A. I don't know. The men in cleaning out the office probably. We made a complete change, a renovation of the office, and the papers up to that time were nearly all destroyed.

Q. Who destroyed them?—A. I don't know.

Q. Who cleaned up?—A. The men who made the changes in the office in the building.

Q. You had not given up business?—A. We told them to clear up.

Q. You understood at that time clearing up meant getting rid of the papers?—

A. I guess so.

Q. Did you ever do anything like that before or since?—A. Since that, we destroy most of our correspondence at the end of each year.

Q. Destroy your letter-books?—A. No, I do not mean the letter-book.

Q. You do not seem to have destroyed your letter-book in 1905 if you have some leaves?—A. I mean the correspondence coming in.

Q. The balance of this letter-book was destroyed?—A. No. I mean the correspondence coming in.

Q. The letter-books are all right?—A. Yes.

Q. Just the correspondence that comes in, I see. Well, Mr. Davis, personally this is not as full as we wish it. Is there anybody who knows any more about the business than you?—A. I don't know anyone who knows more about the general management of affairs than I do.

Q. You have cheque-books?—A. Cheque-books for 1908, and I am not sure about 1907, I think possibly.

Q. You may have the stubs of the cheque-books for 1906?—A. Well, I don't know about that.

Q. Eh?—A. I am not sure about that. I think they were cleared up at the time the office was done up.

Q. You are not sure. You may have them?

Hon. Mr. CASSELS.—These were 1905?

Mr. WATSON.—1906 too, my lord.

Hon. Mr. CASSELS.—I thought the last payment was 1905, the last payment was September 22, 1905.

By Mr. Watson:

Q. Mr. Davis, I see in all other accounts here—I think I am right—that particulars are given showing how the amounts are arrived at, showing the disbursements?—A. Yes.

Q. So you have treated this account differently from any other account?—A. We have treated it just as the ordinary accounts. I will show you. (Turning up accounts).

Q. Do, if you please.—A. There is an account, 1906 (indicating).

Q. That is afterwards?—A. Immediately afterwards.

Q. Where is the account here, Mr. Frazer?—A. (Turns up account.)

Q. Oh, this is the account with Mr. Frazer?—A. For Dominion steamer *Scout*.

Q. For the Dominion steamer *Scout*?—A. It is not personal.

Q. Why did you enter it up to Mr. Frazer, page 347?—A. I don't know.

Q. Eh?—A. I don't know. I did not make the entry.

Q. Whose writing is that?—A. The young lady who was in our employ at the time. She is now away from us.

Q. Who was your bookkeeper in 1905?—A. Miss Hubbard.

Q. What is her first name, please?—A. Violet.

Q. Is she at Kingston?—A. A Kingstonian.

Q. At the present time?—A. No, she is in Toronto.

Q. Is she?—A. I think she is, that is the last I heard of her.

Q. What is her address there?—A. I could not tell.

Q. Does anybody know that you know of?—A. I don't know, I am sure.

Q. Where is another account with Mr. Frazer?—A. I think that is the only one.

Q. Be sure. Let us see.—A. I am sure, I am quite sure.

Q. You said you thought a minute ago?—A. (Witness goes through book.)

Q. Why would you enter this to Mr. Fraser, he was not running the *Scout*?—
A. Well, he—I don't know.

By Hon. Mr. Cassels:

Q. Where is the day-book?—A. That is away back in 1903, that was the first contract. That is the day-book there (indicating).

Q. This only amounts to \$87.—A. That is a few extras ordered in connection with work after the first contract was completed.

By Mr. Watson:

Q. A few extras ordered?—A. He was then on the steamer in 1903, but he was not on the steamer or I hadn't seen anything of him in 1905 at the time of the second contract.

Q. Then are you sure now whether there is any other account here?—A. There is no other account against Mr. Fraser.

Q. Is that right?—A. That is right.

Q. Then your cheque-book or cheque-stubs will show what cheques were issued?—A. They would if we could find them, but we have no cheque stubs.

Q. You said you were not sure?—A. I say up to 1906 I am not sure.

Q. A little while ago you were not sure about the stubs of the cheques?—A. The stubs of the cheques, 1906, at least 1907 and 1908, we have those.

Q. A little while ago you were not sure, I think, about the stubs of the cheque-books in 1905 and 6, you said you thought they were destroyed, you were not sure, I think you said so. Now, is that the condition of affairs?—A. The condition is that they are destroyed and I could not find them.

Q. The stubs of the cheque-books?—A. The stubs of the cheque-books.

Q. When did you search for them?—A. I searched for them after I got the subpoena.

Q. You did search for them?—A. Yes.

Q. Then at the time you searched for them you did not know whether they were in existence or not?—A. I could not find them.

Q. I did not ask you that. At the time you searched for them you did not know whether they were in existence or not?—A. I did not know.

Q. Then you did not know beforehand that they had been destroyed?—A. I did not.

Q. So you have no knowledge of their being destroyed?—A. I have no knowledge of their being destroyed.

Q. And that applies to what you have said before, about destruction? Did you search for other things at the same time?—A. In connection with this matter I did.

Q. And at the time you searched did not know anything had been destroyed?—A. No, I did not know those papers had been destroyed.

Q. Then what did you tell us a little while ago? You told me there was a clearing up in 1906, and you understood they were destroyed?—A. They cleared up and they were destroyed.

Q. How does that fit in with what you thought when you started the search?—A. I didn't think they would destroy cheque stubs and bank books.

Q. I see, that is the explanation. Well then, you may find them yet?—A. Not likely.

Q. Eh?—A. Not likely.

Q. Not likely?—A. Not likely.

Q. Have you got a time book?—A. Workmen's time book?

Q. Yes?—A. A weekly time book, yes.

Q. For that time?—A. No.

Q. You have not anything at all for 1905?—A. Not that I know of, I could not find anything, nothing but those two books and the letter books.

Q. Who made the payments that year?—A. They came from the Department of Marine and Fisheries.

Q. Who made the disbursements for your firm?—A. To the employees' creditors?

Q. Yes, to everyone and anyone?—A. In connection with the affairs they were made by Mr. Davis senior.

Q. Where is he?—A. He is in Kingston.

Q. You had no knowledge of them?—A. Yes.

Q. How did you have knowledge of them?—A. Because I seen I think every cheque that went out.

Q. That was your father, was it?—A. Yes, sir.

Q. Why would you see them if he made the payments?—A. Being a member of the firm I would have the right to see them.

Q. You would of course, but he had charge and was making the disbursements?—A. Yes.

Q. And do you undertake to say you know of every disbursement made by him?—A. Pretty certain.

Q. Pretty certain?—A. Yes, sir.

Q. Do you know of any disbursement he made to Mr. Fraser?—A. No, I do not.

Q. You do not know?—A. Of any disbursement made to Mr. Fraser.

Q. Eh?—A. No sir, I do not.

Q. Will you say that he did not make any disbursement?—A. To the best of my knowledge he did not.

Q. That is to the best of your knowledge?—A. I know nothing whatever.

Q. You do not know anything about it then?—A. No.

Q. If any payment was made it was not with your cheque?—A. He did not make any in the form of a cheque.

Q. What form would it be?—A. I don't know. I was not aware of his having made any.

Q. Then did Mr. Fraser have any personal account with you?—A. No sir.

Q. Eh?—A. No sir.

Q. Not any personal account?—A. No sir, none whatever.

Q. How did he happen to certify to this account?—A. I could not tell you that. The account was not rendered to him.

Q. His is the only name on the whole account. Now then, he says here, 'I certify this expenditure was authorized, was incurred, that the supplies, services and labour enumerated were actually furnished and that the prices charged are fair and just.' How did he know whether they were fair and just or not?—A. I don't know.

Q. You never gave any detail?—A. In what way?

Q. In the account. Not even for the \$200 or any items of the account?—A. There should be no details given in an account like that. There are two sticks put in the boat, they are called keelsons.

Q. There is \$745, then the other items are there. I see the contract is dated on the 1st July and that on the 17th July Mr. Fraser recommended that an advance of \$2,500 be made to you. How do you account for that, an advance being made to you?—A. That was the first advance on the contract.

Q. I know that was the first advance. Why did you get a payment in advance?—A. It is the first payment.

Q. Of course it is an advance payment. You usually do not get payments before you do the work?—A. On contract we usually do, we usually get one-tenth when the contract is signed.

Q. I know. That is when you have a doubtful debtor, is it not?—A. No, sir.

Q. You would not think of demanding payment on account from the Department of Marine and Fisheries, would you?—A. Yes, sir.

Q. I see.

By Hon. Mr. Cassels :

Q. Did you get that \$2,500 ?—A. Yes, sir.

Q. A tenth would be \$674.—A. Well, of course they stated the terms in the contract.

Q. You got \$6,960 all told ?—A. \$6,960 all told, that is with the extra account.

Q. Not merely \$6,745.

By Mr. Watson :

Q. Now, the fact is you have books for 1907 and 1908 ?—A. Bank book and cheque books.

Q. Bank book and cheque books for those periods ?—A. 1907 and 1908, yes.

Q. Now, can you get those if you telegraph for them ?—A. I don't know. I may have to go and get them.

Q. Why ?—A. I don't know they can be found there unless I go. They are put away in some secret place.

Q. A secret place, what is there secret about books like that ?—A. We have a secret room we keep those things in, things that are laid aside.

Q. Who is let into the secret? Let us in?—A. No one else has a key.

Q. No one else has a key. Is that it?—A. Yes.

Q. Where is the key, there ?—A. At home.

Q. That is first rate. If the key is at home you can easily telegraph and have the door opened, can you not ?—A. Perhaps I can.

Q. Will you kindly do so this evening, if you please, and let us have them tomorrow?—A. What else would you like in connection. Do you want the letter book.

Q. Oh no, thank you.—A. One letter book and the cheque books and bank books for 1907 ?

Q. Yes. Who is there to make a search ?—A. My father I suppose.

Q. Do you keep a book-keeper ?—A. Yes.

Q. See if the book-keeper will make another search for those old things, please.

(Sheets from witness's letter book marked Exhibit 412.)

(Account of Davis Dry Dock Co. re repairs to *Scout*, marked Exhibit 413.)

(Memorandum of advance to Davis Dry Dock Co. re *Scout*, marked Exhibit 414.)

(Adjourned at 5 p.m. to 10 a.m. to-morrow.)

OTTAWA, December 17, 1908, 10.20 a.m.

N. K. LAFLAMME, K.C., appears for J. B. A. BOUDREAU.

JAMES HOLLIDAY, SWORN.

By Mr. Watson :

Q. Mr. Holliday, you had a contract for a certain rate per day for the steamship *King Edward* during the year 1905, did you not ?—A. 1904 I think, Mr. Watson.

Q. 1904, I find that a letter was written by you on the 31st May, 1904. This letter reads as follows : ' We now beg to confirm our verbal agreement of yesterday re chartering of above vessel for a period of four months dating from the time she commences taking cargo, on or about the 20th of June, at the rate of \$125 per day, we to provide everything necessary for the running of the vessel. As agreed, the vessel of course will be allowed to land her mails, &c. at certain times when coming to and from points she may be ordered to by your department, which may detain her a few hours. Thanking you in anticipation for your confirmation of this agreement, we remain, &c., Holliday Brothers.' You recollect that? Just look at that, that is your writing ?—A. Yes, that is my signature.

Q. That was preceded by a letter of the 25th of May to William Power, M.P., Ottawa, which is upon the files, saying:—

'We have been invited by the representative of the Marine and Fisheries Department her to tender for carrying supplies and construction material for lighthouses as far down as the Straits of Belle Isle. We have tendered our services with our steamship *King Edward* at the rate of \$200 a day, the vessel being available in the month of July. Any assistance you may render us in this matter will be greatly appreciated. Thanking you in advance for your kindness.' Do you recollect that?

—A. I do not recollect.

Q. That is your handwriting?—A. No.

Q. Holliday Brothers?—A. That was signed by the bookkeeper.

Q. The bookkeeper?—A. Yes.

Q. I suppose it was your act?—A. Yes, it would be.

Q. Done under your direction?—A. Yes.

Q. That was a letter written to Mr. Power. It speaks for itself—A. I remember—

Q. At the same time you wrote a letter to the deputy minister saying:—'We have been invited by the Marine and Fisheries in this city to tender for carrying supplies and construction material for lighthouses as far down as the Straits of Belle Isle. We have tendered our services with the steamship *King Edward* at the rate of \$200 per day, the vessel being available in the month of July. Any assistance you may render us in the matter will be greatly appreciated.' What did you mean by that. 'Any assistance you may render us in the matter will be greatly appreciated'—is that your letter too?—A. That is signed by the bookkeeper too.

Q. Under your direction, you no doubt saw it.—A. I would not say for certain I did, but it is just possible I did.

Q. That is an important business transaction?—A. Yes.

Q. Such as would require and receive personal attention?—A. Very likely.

Q. Of course, the letter speaks for itself as to what it says and means, I suppose?—A. Yes.

Q. Now, following upon that apparently you were not able to make the contract at that price, and then you agreed to take \$125 a day instead of the \$200 which was previously asked: That is the position, according to this correspondence?—A. Apparently, yes.

Q. That was a business contract made by you in the ordinary course of business affairs?

Hon. Mr. CASSELS.—There is a further letter there accepting, Mr. Watson, which made the contract, a letter of the 2nd of June.

Mr. WATSON.—From the department, yes, my lord, 31st May?

Hon. Mr. CASSELS.—Yes, one of the 31st of May.

Mr. WATSON.—In reference to the chartering of the steamship *King Edward* for the purpose of making the necessary changes in fog alarm stations and building electric stations on shore for submarine bells and locating the bells, I have to inform you that this department is prepared to charter the vessel from you for the sum of \$3,750 per calendar month. You to supply captain and necessary officers and crew, including engineers and firemen—that is the same rate?—A. Yes.

Q. If it is necessary that a pilot should be employed it is understood that it will be at your expense—all ship's stores in every way, including coal, oil and provisions. If any departmental officers go on board this vessel in connection with the carrying out of their work you will be remunerated at the rate of \$1 a day each for their board and lodging. It is also understood that any articles required for the use of the different stations will be hoisted out of the ship and placed either in a scow alongside or at the wharf, as the case may be, by the ship's proper crew. This vessel

will be required for service about the 22nd of June and chartered for a period of four calendar months or longer if the department so requires.' That is signed by the deputy minister. That constitutes the contract.

Hon. Mr. CASSELS.—No. There is another letter of the 2nd of June accepting.

Mr. WATSON.—Then I have not been given that, my lord. Meantime there is a letter of the 9th of June——

Hon. Mr. CASSELS.—There is one—I am speaking from memory—I thought it was the 2nd of June. It is the letter accepting the offer of the Department. That letter of the 31st makes a proposition. We are willing to do so and so. You will find another letter accepting that.

Mr. WATSON.—Your lordship will see the letter of May 31 which I read at the commencement says, 'We now beg to confirm our verbal agreement of yesterday *re* chartering of above vessel for period of four months, etc., at the rate of \$125 per day.'

Hon. Mr. CASSELS.—That letter is written on the 31st of May and addressed to Ottawa.

Mr. WATSON.—To the Deputy Minister at Ottawa.

Hon. Mr. CASSELS.—So it would cross that last one of the 31st of May. You will see one of the 2nd of June accepting the proposition and constituting the contract.

Mr. WATSON.—It was not there yesterday. We went over these last evening at very great length. Oh, here it is, the 2nd of June, to the Deputy Minister:—'We beg to acknowledge receipt of your favour of May 31 *re* chartering of steamship *King Edward*, which proposition we are pleased to accept. As stated in our letter of May 30, we expect to be allowed the privilege of landing our mails, etc., at Natashquan at certain times whilst the steamer is doing service for your department. The delay, as we mentioned, will be only a few hours. Thanking you for your kind consideration of our tender.' That is signed by you?—A. Yes.

Q. So that that completed the contract between you and them. Now, at that same time you had a contract for the carrying of the mails, had you not?—A. Yes.

Q. We have passed for the moment this contract with regard to the *King Edward*. As I understand you, what you say is there was a definite and distinct contract made in the regular way as a business matter for the chartering of that vessel at \$125 per day?—A. Yes, sir.

Q. That is right?—A. Yes.

Q. Now, you had a contract with the Department of Trade and Commerce for the carrying of mails?—A. Yes.

Q. At the same time?—A. Yes.

Q. And under that contract you were to be paid how much?—A. \$8,000 I think.

Q. How much was that a day?—A. Oh, that was \$8,000 for the season starting in early April and running up to November.

Q. That would amount to \$50 a day?—A. 8 months.

Q. That was intended, was it?—A. No, I don't think there was any intention of so much a day; it was for the season.

Q. It was for the season you say.

By Hon. Mr. Cassels:

Q. How many days in the week would the boat run?—A. It would run all the time except when in dock taking on and unloading cargo.

Q. She would run from the 20th of June.—A. About \$50 a day.

By Mr. Watson:

Q. That is what you are getting I think you previously stated?—A. Yes.

Q. So there is no mystery about that. That is the way it was paid, \$50 a day. That contract was current then at the time this contract was made for the *King Edward* at \$125 a day?—A. Yes.

Q. So for the use of that ship in the double way you would be earning through her \$175 a day for the two contracts?—A. The way you put it, yes.

Q. Is that the way you put it?—A. Yes.

Hon. Mr. CASSELS.—With an additional right to carry freight.

Mr. WATSON.—Yes, my lord, I am just coming to that.

Q. Of course, that was remuneration you were to receive for the special service indicated, and in addition to that you had the right to carry traffic otherwise as you could?—A. Yes.

Q. That of course is personal business of your own with other people, but I mean to say you were having a distinct and positive revenue from other sources from day to day?—A. Yes.

Q. Probably equal to the revenue you were getting from the department, probably so? I do not want—A. Yes, probably.

Q. Yes, probably so, other revenue equal to that. Well now, was this contract made in the end of May or the first of June?—A. Somewhere about that.

Q. Performed?—A. Was it performed?

Q. Yes.—A. Yes.

Q. That was performed?—A. Yes.

Q. Performed on your part throughout in accordance with the terms of the contract?—A. Yes.,

Q. Eh?—A. Yes.

Q. No variation from that?—A. Not that I know of, I don't know that—excuse me.

Q. I was going to ask you about it. Is there any variation from that?—A. You mean from which contract sir, is it the one for the Marine Department?

Q. Yes, for the Marine Department. Was there any variation from that contract? Yes or no, please.—A. I mean—there must have been, there was, yes.

Q. There must have been?—A. Yes.

Q. Notwithstanding the signing of that contract did you afterwards claim \$200 a day from the Marine Department instead of \$125 a day?—A. I believe we did.

Q. Do you mean to say you are not quite certain—speak up, Mr. Holliday—are these matters uncertain matters in your mind?—A. No, they are not uncertain. What I have seen of the accounts since, we got more than that.

Q. From what you have seen of the accounts since you got more than that?—A. Yes, since the investigation.

Q. Do you mean to say then that is about all you know about it, that you observed since from the accounts you got more?—A. No. I was aware we were supposed to have got \$200.

Q. You were supposed to have received \$200 a day?—A. Yes.

Q. Notwithstanding the fact you made this contract at \$125 a day, is that right?—A. Yes.

Q. I see. And you were supposed to be receiving that from the commencement?—A. Yes.

Q. From the commencement notwithstanding the contract. And you got that supposition from whom?—A. Mr. Spain.

Hon. Mr. CASSELS.—What do you mean by that Mr. Watson?

Mr. WATSON.—That is, from the Marine Department.

Q. That is, instead of the \$125 a day to be paid to you in accordance with the terms of this contract by the Marine Department you supposed that you were to receive \$200 a day, is that right?—A. No, not from the outstart.

By Hon. Mr. Cassels:

Q. I think you mean dating back?—A. Yes, my lord.

Mr. WATSON.—I am just coming to it. It is necessary to go slowly perhaps.

Hon. Mr. CASSELS.—I did not understand the question.

Mr. WATSON.—Yes, my lord.

Q. So that you say now that at a little later time you supposed you were getting \$200 a day from the commencement, is that right?—A. Well, yes.

Q. That is right?—A. At a later date.

Q. Tell me when that was, please.—A. Well, I don't remember quite, but I remember talking to Mr. Power about it, and Mr. Power went over and saw the Minister of Marine.

Q. How do you know?—A. Because he told me.

Q. Well, never mind what Mr. Power told you. We have not to do here with Mr. Power.—A. I represented to him, Mr. Watson—

Q. We are speaking about the department.—A. Yes. I made representations.

Q. What followed upon that?—A. I represented to him that \$125 a day for the work we were doing—it was the first time we had ever done work of that kind—I represented to him \$125 a day, we were not being fairly paid.

Q. Not being fairly paid. How soon was that after the contract was made on the 31st of May?—A. That might have been in June.

Q. Sometime in June. You went then to Mr. Power. Did you go to the department?—A. No sir.

Q. You told Mr Power, I assume, that you had signed this contract at \$125 a day, did you?—A. I don't know that.

Q. Eh?—A. I would not say that.

Q. You would not mislead Mr. Power?—A. No. I didn't say I was misleading him, but I don't know how the question came up.

Q. Then you are not sure you told him you had made a contract at \$125 a day?—A. No.

Q. You are not sure you did?—A. No.

Q. Then I gather from what you say that you received some expression of sympathy from Mr. Power and he was to intervene for you?—A. Yes.

Q. That is what you understood?—A. Yes.

Q. Then what next occurred with the department or any official of the department?—A. I don't remember, Mr. Watson.

Q. You don't remember?—A. No sir.

Q. But this is quite an important matter, is it not?—A. Yes, but it was a long time back, three years, four years

Q. Whom did you see next, Mr. Gregory?—A. Oh yes, I saw Mr. Gregory repeatedly.

Q. Now, Mr. Gregory had been advised by the department here of the making of that contract at \$125 a day, you knew that?—A. Yes.

Q. You knew he had been advised about it. Then what did you go to Mr. Gregory for, to try to get more money?—A. Oh no. I was up to the ship occasionally when she was in port.

Q. What occurred between you and Mr. Gregory about it?—A. What occurred? Mr. Gregory I think when we came to settle up, we didn't send in our accounts until the end, although supposed to be paid monthly we didn't send in our accounts until late in the season and when it came to his certifying he absolutely refused.

Q. You sent in accounts for what?—A. For the chartering of the steamer

Q. At how much?—A. \$200.

Q. Surely not? You mean to say that just upon the circumstances that you have now stated?—A. Yes.

Q. And without more occurring you followed it by sending in an account for \$200 notwithstanding the contract?—A. Yes.

Q. You had no communication from the department apparently?—A. I don't remember that.

Q. Who was attending to your business at that time?—A. I was attending to it myself.

Q. Anybody else for you?—A. My bookkeeper, Mr. Ryan, if I was away.

Q. He would be acting under directions from you?—A. Yes sir.

Q. So that is the condition of affairs. And you say you sent in the account to the \$200 a day and Mr. Gregory refused to certify to it. Is that right?—A. Yes.

Q. Now, at that time, previous to that you had been having business transactions with Mr. Gregory?—A. No sir

Q. Eh?—A. No sir.

Q. Not business transactions with him?—A. No. I have known Mr. Gregory from my childhood, but I never had a transaction. It might have been we carried some little thing down as freight

Q. Who was getting money from the department for you?—A. Excuse me, Mr. Watson. You asked me if I had any transactions. We have carried down trifling things on our steamers and just dropped them off at——

Q. Yes, we have had that before. At that time who received the payments from Ottawa?—A. At that time?

Q. Yes, in that year 1905?—A. Oh, 1905?

Q. 1904.—A. We did not receive anything in 1904.

Q. You did not receive anything in 1904?—A. No.

Q. And 1905?—A. 1905, I believe there was a payment made on the 17th of June.

Q. I say who received the money direct from the department?—A. It was received, I believe it was sent to Mr. Gregory.

Q. To Mr. Gregory?—A. Through the department.

Q. The cheque?—A. Yes. There were two cheques I understand.

Q. Then what was done with the cheque?—A. There were two cheques I understand.

Q. Never mind about that. I want the system, please. What was done with the cheques?—A. That I could not tell you.

Q. You must have been told what was done with the cheques?—A. Our banker had a power of attorney.

Q. That is what I wanted to understand.—A. I beg your pardon. I did not understand.

Q. What was the system being pursued then in regard to the payment and receipt of moneys?—A. We had advances from the bank. I gave the power of attorney to the banker to receive this money for us.

Q. That was what bank?—A. The People's Bank of Halifax.

Q. Who was the manager of that bank at that time?—A. Mr. Arthur B. Van Felson.

Q. What relation is he, if any, to Mr. Gregory?—A. A nephew

Q. And the power of attorney had been given to Mr. VanFelson?—A. Yes, sir.

Q. To sign your name upon all cheques received from the Department of Marine and Fisheries?—A. Yes, sir.

Q. That is right, is it?—A. I believe so.

Q. Did that power of attorney extend to other matters than the signing of your name for the purposes of deposit in the bank?—A. Well, I was away, Mr. —

Q. Did that power of attorney extend to anything else?—A. I don't know about that particular power. He had another power.

Q. Have you got them here?—A. No, sir.

Q. Have you got them here, Mr. VanFelson?

Mr. VANFELSON.—No.

By Mr. Watson:

Q. Then what can you tell us about the powers of attorney?—A. I think Mr. VanFelson had one power of attorney to draw moneys from the department.

Q. To draw moneys from the department?—A. And I left for England. We were purchasing a steamer in early January or early December, and before leaving, it was the time I was separating from my brother in business——

Q. Never mind those details. Come down to the power of attorney.—A. I left him a power of attorney to act for me during my absence.

Q. You gave a general power of attorney?—A. I don't know if a general power.

Q. Have you got that or a copy of it?—A. I have it at my home.

Q. You have not got it with you?—A. No.

Q. A general power of attorney to act for you?—A. I won't say what power it gave him, but I know it was a power of attorney.

Q. What is your recollection?—A. My recollection is he had power to settle with my brother in connection with our separation.

Q. With your brother?—A. Yes; he was separating from me in business.

Q. Was that all?—A. I believe that was all.

Q. You put it in that way. For that purpose at all events Mr. VanFelson was in the same position as you were to transact your business in regard to matters between you and your brother?—A. Yes.

Q. Anything else than that?—A. I don't know, Mr. Watson.

Q. You don't know?—A. No.

Q. So then the fact is you say that after seeing Mr. Power the next thing that occurred that you can recollect of is the sending in this account, is it?—A. Yes, I think so.

Q. That is October 3, 1904. That is an account at the rate of \$200 a day, is it?—A. Yes, I expect it is.

Q. \$200 a day. Who made up that account?—A. It was made up by Mr. Payn, the bookkeeper.

Q. Under your directions?—A. Yes, sir.

Q. Under your directions?—A. Yes, sir.

Hon. Mr. CASSELS.—I think, Mr. Watson, it might be well to read the substance of the correspondence, because there are letters in August in which a claim is made to have the amount increased.

Mr. WATSON.—I was waiting to find out in the meantime and for other purposes about his recollection.

Hon. Mr. CASSELS.—Yes.

By Mr. Watson:

Q. I was going to remind you that I think your recollection is rather at fault.—

A. That may be, sir. I have not got a very good memory.

Q. You have not got a very good memory?—A. No, sir.

Q. It is not long ago.—A. It is three years.

Q. When did you first see Mr. Spain about the matter?—A. I don't remember seeing Mr. Spain at all.

Q. Not at all?—A. No, sir, not that I can remember.

Q. No recollection about it?—A. No, Mr. Watson, I have no recollection.

Q. I have a memorandum here dated the 4th of July signed by Mr. Spain.—A. A letter to us?

Q. No; a memorandum for the Deputy Minister. The memorandum by Mr. Spain is as follows:—'In reference to the Minister's note in regard to the chartering the *St. Lawrence*—this is the first time I have heard of the *St. Lawrence* at all—A. Another boat, sir.

Q. 'There were two boats suggested for the work by Mr. Gregory, of Quebec, the *King Edward* and the *Poinc*' (continuing reading memorandum, part of departmental file subsequently marked Exhibit 416.) And underneath is written on the 4th of July, 'Minister satisfied with explanation. (Signed) F.G.' That is the 4th

of July. Now, do you know anything about that?—A. Yes. As I said before, Mr. Watson, I know of—

Q. Do you know anything about Mr. Spain having had to do with it?—A. No, I don't know anything of that at all, I didn't know he had anything to do with it.

Q. Then I have another memorandum here signed by J. F. F., Mr. Fraser, 'Referring to this contract, this contract was arranged for by Commander Spain, who can give the desired information. This should be obtained and communicated to the agent at Quebec, 25th July, 1904.' That seems to bring Mr. Spain into it. Do you know anything about those things?—A. No, sir, I do not.

Q. Well, then the next we have is a letter here written by your firm. See, is this your writing?—A. Yes, sir.

Q. That is your signature?—A. That is my signature.

Q. This is directed to Mr. Prefontaine, the then Minister of Marine and Fisheries, and is dated August 1, 1904. (Reads letter, part of Exhibit 416.) You wrote that?—A. Yes, sir.

Q. In that way seeking then to get out from under that original contract?—A. It was not to get from under.

Q. To get more?—A. Yes.

Q. Another \$75 a day?—A. Yes, sir.

Q. What other circumstances led you to write that letter? Perhaps you will tell me who it was you saw from the department or in the department before you wrote that letter?—A. I did not see anyone.

Q. Had you not a talk meantime with Mr. Gregory?—A. I don't remember anything.

Q. You don't remember. Had you a talk meantime with Mr. J. F. Fraser, do you remember?—A. No, I don't think so.

Q. Well?—A. No, I don't think so. I didn't know Mr. Fraser.

Q. You don't think so. You recollect at Quebec we had a record of your visits to Ottawa and of the cheques you signed?—A. Yes, sir.

Q. Purporting to be for expenses at Ottawa. Now, do you recollect whether you were here at Ottawa during that time?—A. Oh, I was up here once or twice I can remember.

Q. During that time?—A. Yes.

Q. Whom did you see when you were here?—A. I saw the Minister.

Q. Yes. Anybody else?—A. I saw Mr. Power. I think the House was sitting at the time.

Q. This is August?—A. No, I don't think I was up then, sir. I don't know, I would not swear to it.

Q. In June or July?—A. In June I think.

Q. And did you see the Deputy?—A. That is possible.

Q. Possible?—A. Yes.

Q. I know all things are possible. Cannot you go further then that?—A. I could not tell.

Q. And did you see Mr. Spain, you could not tell?—A. No, not that I remember, I don't remember.

Q. Well, your memory is pretty much gone, is it not?—A. What I can remember I will tell you; but I don't remember.

Q. Now then, I see on the 27th of May of that same year, that is before the contract was made, you sent a telegram to Mr. Gourdeau from Quebec, saying, 'Our Mr. James Holliday proposes being in Ottawa Monday and will call on you.' Do you recollect that?—A. I can recollect that. That is the first transaction we had with the Department.

Q. And you called upon him, did you?—A. Yes.

Q. And what occurred at that time when you called upon him in connection with this matter?—A. I asked him for \$200 for the use of the boat.

Q. That was before the contract?—A. Yes.

Q. Well then, we have your letters of the 31st of May—I find this file starts the other end, my lord, that is the reason I was misled a little by it—and on the 9th of June we have a letter from the Deputy Minister to Mr. Gregory. (Reads letter part of Exhibit 416.) Was that shown to you?—A. No, sir, not that I remember.

Q. Then the next is a letter of the 11th of June from Mr. Gregory. (Reads letter part of Exhibit 416.) Then the 20th June, a letter from the Deputy Minister to Mr. Gregory. (Reads letter part of Exhibit 416.) Then following upon that is a letter of the 27th of June written by the Deputy to Mr. Gregory with reference to the employment of the *King Edward* for work in connection with fog alarms and renewals. Did you see Mr. B. H. Fraser?—A. No, sir.

Q. Who saw him?—A. I don't know, I did not see him

Q. You would be paid extra, of course, for the carriage of that machinery and material?—A. No, we did not get anything extra.

Q. You did not?—A. No.

Q. You did not ask for it?—A. No.

Q. That is, you were not to charge the department?—A. We were to carry everything they offered us.

Q. You were to carry everything they offered you within the \$125 a day?—A. Well, at the first going off, yes, sir.

Q. By the first contract?—A. Yes.

Q. Then on the 4th of July is a memorandum which I referred to before, my lord, signed by Mr. Spain. (Reads memorandum part of Exhibit 416.) Now on the files here is a telegram from Mr. J. F. Fraser to Mr. Cote, 'Noble returns to Quebec to-morrow, try and meet him at the agency.' Has that anything to do with this matter?—A. I don't know. It has nothing to do with me.

Q. The next one is from Mr. Fraser to the deputy minister dated 30th of June, 1904:—'Noble reports department's interests sacrificed by arbitrary action of owners of *King Edward*. He will see you in Quebec to-morrow. Better to cancel contract then have same continued.'—A. Mr. Noble was objecting to us working on Sundays down below in the Gulf. He said it was not proper, we would not gain anything by it in the long run.

Q. This says, 'Noble reports department's interests sacrificed by arbitrary action of owners of *King Edward*.' Was that the only matter in difference, Sunday work?—A. Sunday work.

Q. That is the only thing you know of?—A. That is all.

Q. The next is the 9th July—A. Excuse me, Mr. Watson. One reason for doing the Sunday work—

Q. We are not going into that question.—A. I can give you the explanation.

Q. We are not going into that question whether it was proper to work or not.

Hon. Mr. CASSELS.—The witness might like to clear his moral character.

Mr. WATSON.—If you want to say anything you think of importance, say it, please.—A. No, no.

Q. The next is a telegram from Mr. Gregory to the deputy minister: '*King Edward* left here Wednesday night 6th, arrived Belle Isle east end this morning.' What is the reason for tracing it like that, do you understand that?—A. No, I could not unless it was to tell him how quick she made the trip in.

Q. The next is a letter written by you on the 13th July to the deputy minister. (Reads letter part of Exhibit 416.) You were just reporting her for cargo purposes?—A. No, on account of carrying the mails we did not want to have her detained.

Q. This was the Marine Department, the Marine Department had nothing to do with the mails?—A. No.

Q. The next is a letter from Mr. Gregory to the deputy of the 14th July, 'I have the honour to report the steamer is expected here on Friday,' and so on. Then on the 14th of July is a letter from Mr. Gregory to the deputy (reads letter part of Exhibit

416, down to, 'the conditions they contracted to carry out.') Do you recollect anything about that?—A. Mr. Gregory was objecting the same as Mr. Noble for us wanting to work overtime nights and so on.

Q. Yes. Then endorsed upon that is Commander Spain's name and Mr. Stumbles. 'The contract was not made out by me and I know nothing concerning it. W. W. S.' That is Mr. Stumbles, is it?—A. I don't know. I suppose so.

Q. Then the next is dated the 25th July by Mr. Fraser, 'This contract was arranged for by Commander Spain, who can give the desired information. This should be obtained and communicated to the agent at Quebec.' That is signed by J. F. F. It is getting rather mixed up, is it not?—A. Yes. I don't know anything about that at all, it is all news to me.

Q. That is all news to you?—A. Yes.

Q. This memorandum of Mr. Fraser saying the contract was arranged by Commander Spain?—A. I hadn't anything to do with him.

Q. You had not anything to do with him?—A. No.

Q. Do you recollect if you saw him during May of that year?—A. No.

Q. Do you recollect?—A. No.

Q. If you cannot recollect, you cannot recollect any conversation with him?—A. The only thing I remember is I received a telegram from the deputy, I came up here and discussed this contract with him and went home again. That is all I know.

Q. That is all you recollect of?—A. Yes.

Q. Then on the 29th July a letter from the deputy to Mr. Gregory. (Reads letter part of Exhibit 416.) Then comes in your letter of August 1—it has already been read, my lord—asking for further consideration. That was after the contract got down to Quebec?—A. Yes, I presume so.

Q. You presume so?—A. Yes.

Q. I have no doubt what was going on was known to you in Quebec?—A. We would have a copy of the contract.

Q. Then you wrote this letter of August 1, asking again for \$200, you recollect that?—A. Yes, something about it.

Q. And then we find that answered—a letter to Mr. Gregory rather on the 8th of August, written by Mr. Magee for the deputy minister. (Reads letter part of Exhibit 416.) Can you explain that letter?—A. No, sir.

Q. Here is a letter which follows upon a letter stating a contract had been made for \$125 a day, that you as contractor wanted more, and then writing to Mr. Gregory for his opinion. How did that come about?—A. I don't know I am sure. It might have been the result of—

Q. You do not know anything about it?—A. No, sir.

Q. Was that the result of a personal interview here?—A. Mr. Powers perhaps.

Q. Was it the result of your own personal interview. Keep to yourself and do not try to get in Mr. Powers so much?—A. I don't know at all.

Q. I want your own transactions and dealings?—A. I don't know anything about it.

Q. You don't know?—A. No.

Q. Then you do not remember?—A. No, I do not remember.

Q. Then you may have been here, that may have been the time when you were here at Ottawa so much during that year?—A. I was not here very much.

Q. Well, that is that letter at all events, that is the 8th of August. Then the next is a letter of the 11th of August by Mr. Gregory written to Mr. Gourdeau. It will be necessary to read this letter, my lord, although it is a little bit long. (Reads letter part of Exhibit 416). Now you have already told us that during this time the outside earnings of the ship daily were equal to about \$175 a day under the two contracts?—A. Yes, sir.

Q. There is no misunderstanding about that. Then it would appear that you had not communicated that fact to Mr. Gregory at the time he wrote this letter?—A. No, sir.

Q. You had not?—A. No, sir.

Q. So evidently Mr. Gregory when he wrote this letter did not know you were making about \$175 a day from other traffic and outside sources?—A. That I could not say.

Q. You had not communicated that to him?—A. No, sir.

Q. Then how many times did you see Mr. Gregory do you think before he wrote this letter of the 11th of August about this subject?—A. I could not say.

Q. I suppose you were sitting there pretty often with him?—A. I have been quite often to his place, but my interview with him every time was not of a pleasant nature.

Q. Not of a pleasant nature?—A. No. He had always some complaint to make.

Q. But you knew he was writing this letter?—A. One of his complaints was we were wanting to work at night.

Q. You knew he was writing this letter for you?—A. No, sir.

Q. Did he show you this letter?—A. Not that I know of.

Q. Not that you know of?—A. No.

Q. That is rather weak again. Now, did you not go over this matter with him at the time?—A. No, sir, I did not.

Q. And you do not remember when you saw this letter, is that right? Now, we find that followed up on the 25th of August, the next communication on the file is from Mr. Cote to Mr. B. H. Fraser, acting engineer. (Reads letter part of Exhibit 416.) There is nothing bearing upon that. I do not know exactly why that should be in the file. Then the next, my lord, is another letter from Mr. Gregory of 31st October, that acknowledges one of the 27th. Where is that letter of the 27th October to Mr. Gregory?

Mr. WATSON.—I should state to your lordship a little in explanation for not having elicited these matters more fully at Quebec that at the time we had not this file from the department before us. Now, just let us see that letter, because that is important. (Reads letter of 31st October part of Exhibit 416.) We want that letter of the 27th instant referred to in his.

Hon. Mr. CASSELS.—There is another file that contains some of these documents.

Mr. WATSON.—Yes, my lord. So that in that way you will observe Mr. Gregory was then recommending that you should get at that time \$180 a day instead of \$200?—A. Yes.

Q. And there is no reference here made to the contract—how do you account for that—at \$125 a day?—A. I don't know.

Q. You are not in that?—A. No sir.

Q. The contract for \$125 a day was meantime apparently put aside?—A. I could not say.

Q. Well, you give a little shrug at that?—A. I say I don't remember.

Q. That was in your favour. Did you not know anything about that, about the contract being put aside?—A. I don't remember.

Q. You don't remember?—A. No.

Hon. Mr. CASSELS.—You will find there dated back to June a formal contract executed by Holliday Brothers for \$200, but not signed by the crown at all.

Mr. WATSON.—Yes, my lord, I have it here. I am just coming to that. Your lordship will see it is important—at least I think it is important—that this letter of the 27th October should be here, because this refers to that expressly, and apparently it is of importance as written by the Deputy Minister.

Q. Now then the next is 11th November, by the Deputy Minister to Mr. Gregory. (Reads letter part of Exhibit 416). So you were getting an additional sum of about \$2,000?—A. For——

Q. For the amount of labour, assistance, board of workmen and officers?—A. According to the arrangement we were to get \$1 a day for officials and 50 cents for the labourers on the ship.

Q. 'You will be good enough to certify these accounts for payment as above.'—A. Excuse me. Our arrangement was we were to put the goods over the side of the ship.

Q. Now, this is the account which was referred to before. October 3rd this is dated and this is signed by Mr. Gregory, you see?—A. Yes.

Q. That is following upon the last letter written by the deputy he certifies to the account at \$200 per day less a deduction of \$20 per day? that is right, is it?—A. Yes. But our contract, Mr. Watson, called for us to deliver the goods over the side of the ship and the men that were working at construction were supposed to take it ashore. Mr Noble started in that way and he found his men would not come out to the ship, they were afraid of the water.

Q. The men on the ship were afraid of the water?—A. No, the men on shore, on construction work. We had to make other arrangements where we got extra help.

Q. That is what you charged \$922 for?—A. Yes.

Q. Then you got paid that?—A. They reimbursed that.

Q. Yes. Then the next is the 14th November, ending up 'You will be good enough to certify these accounts on the above basis.' Then there is a duplicate of that having the initials of Mr. Spain. Do you know how that comes about?—A. No sir, I don't know anything about it.

Q. There is a duplicate of the same date bearing upon it the initials of Mr. Spain, C. G. S. What had he to do with it then?—A. I don't know.

Q. You seem to have lots of friends?—A. I didn't know it at that time.

Q. You didn't know it, eh. The next is dated the 3rd of January, 1905, written by Mr. Gregory to the deputy. It is signed by Mr. Gregory per Mailloux. That is the accountant there?—A. Yes.

Q. The letter reads as follows: (Reads letter part of Exhibit 416). Did they get this information from you or from Mr. VanFelson?—A. I fancy Mr. VanFelson. I don't remember, Mr. Watson.

Q. Now the next is a letter from Mr VanFelson of the 4th of February, 1905, directed to Mr. Gourdeau, 'My dear Colonel' (Reads: letter part of Exhibit 416). Were you away at that time?—A. I was over on the other side.

Q. It says, 'Mr. Holliday being away in Europe on business'?—A. Yes.

Q. According to my recollection of the evidence in Quebec you were at home at that time?—A. No sir, I was away that winter.

Q. You were away in February?—A. Yes.

Q. Now let us see, you were away in February?—A. Yes.

Q. You returned then about the first of March?—A. No, I came by the *Victorian* of the Allan line on her first trip, which I think was the end of May.

Q. Just try and think.—A. I remember coming out on that trip.

Q. Your recollection is it was about the end of May?—A. Yes.

Q. There is no reasonable doubt about that?—A. I would not swear to it, but that is as well as I can remember.

Q. Towards the end of May. Where was it you left from?—A. Left where?

Q. Quebec, to go to Europe. This letter is written on the 4th of January?—A. I think it was January.

Q. You think it was January, and you returned the end of May?—A. Yes. I would not swear to it.

Q. Just have that in mind, because we will have reference to it later on. The next letter is the 6th of February by the Deputy Minister to Mr. VanFelson. (Reads letter, part of Exhibit 416.) Next following that is the 17th—they seem to have got out of date here—that is not about the same thing, that is about something else. You were evidently trying to sell them that boat, the *King Edward*?—A. That was while I was away, I think.

Q. That is while you were away?—A. Yes.

Q. There seems to have been a lot of correspondence about that?—A. I was away then, sir.

Mr. WATSON.—Well, there is a lot of correspondence that is out of date that by accident has got in there, my lord.

Q. Then we come next to the 20th of March, 1905, that seems to be the next one on this file, written by Mr. VanFelson to the Deputy Minister. (Reads letter, part of Exhibit 416.)—A. I didn't know anything about it.

Hon. Mr. CASSELS.—I do not think that sale was carried out.

By Mr. Watson:

Q. You do not know about that?—A. All I know is they cabled me from Quebec.

Q. Now then, I find that on a contract here signed by you—

Hon. Mr. CASSELS.—It is not a contract, Mr. Watson. It is intended to be a contract, but it is only signed by one party.

By Mr. Watson:

Q. This one I have here has the signature of Mr. Gourdeau on it. I find in another file, my lord, a duplicate of that account, and attached to that is a document. This is signed by you, is it, Mr. Holliday, 'James Holliday for Holliday Brothers,' that is your writing?—A. Yes.

Q. In the presence of T. A. O'Dowd?—A. That is one of the clerks in the Quebec agency.

Q. In the Quebec branch?—A. Yes.

Q. And then in the presence of a Mr. Tessier, where is he?—A. I don't know.

Q. That was signed by you in that way. Now, that is not signed by anyone else. Why was not that signed by the department, never completed? So there was no contracted completed. Now, then, I see this is dated the 18th of June, 1904. When was it signed, can you give me any idea when it was signed?—A. The 18th of June.

Q. 18th of June, there it is (exhibiting.)—A. No, I don't know when it was signed.

Q. Well, you see that letter of Mr. Gregory's was written in August recommending the change. Now, this is a contract written out at \$200 a day, is it not?—A. I don't know what it is.

Q. You do not know what it is?—A. I have not read it.

Q. You signed it yourself. Have you not any idea how much it is?—A. I don't know what it is.

Q. Here it is, \$200 a day?—A. But I don't know what it is.

Q. The minister covenants and agrees, this says, to pay to the owners of the steamer *King Edward* the sum of \$200 a day of 24 hours on each and every day the steamer *King Edward* is engaged in the delivery of lighthouse material to the stations referred to. You do not know anything about that?—A. No, sir.

Hon. Mr. CASSELS.—What are the privileges of Holliday Brothers there?

Mr. WATSON.—Let me see. The minister is the party of the first part and Holliday Brothers are the parties of the second part. (Reads contract, part of file subsequently marked Exhibit 417).

Q. Then the same arrangement or understanding existed when this was signed as when the contract was signed for \$125 a day that you were to have the right to carry traffic and passengers for yourselves?—A. Yes, sir.

Q. Yes, the same thing, no change in that respect.—A. Not that I know of.

Hon. Mr. CASSELS.—There is a clause to that effect in the contract?

Mr. WATSON.—No, my lord. I have read the whole of it.

WITNESS.—I don't know about that, my lord.

Hon. Mr. CASSELS.—What I do not understand is this, Mr. Watson. You find in the other file an exact facsimile of the one you have just read signed by Holliday Brothers only. This one now produced is a new thing to me.

Mr. WATSON.—This one I read is signed by Holliday Brothers only.

Hon. Mr. CASSELS.—And you will find a duplicate signed by Hollidays only. This one now produced is new to me.

Mr. WATSON.—What is this one signed the 19th of June? Oh, this is the 19th June, 1905.

Hon. Mr. CASSELS.—That is another one altogether.

Mr. WATSON.—Yes. So that this particular one we have been dealing with has never been signed by the Crown at all so far as I can see and was never even discussed until August.

Hon. Mr. CASSELS.—The increase was never discussed until August. The contract had been made on the 2nd of June, and the increase is apparently \$75 on a contract, which is equal to about \$300 a day.

Mr. WATSON.—That is right. Mr. Holliday, what his lordship says is in accordance with the facts as you understand them? Here was a contract made after August or in August increasing it by \$75 a day?—A. Yes.

Hon. Mr. CASSELS.—The previous contract was \$125 plus \$175, \$300. That is \$125, but taking your mail contract and right to carry passengers it was equal to another \$175.

By Mr. Watson :

Q. This is the way it is, Mr. Holliday, you were getting according to the original contract \$125 a day from the Marine Department?—A. Yes.

Q. You were getting \$50 a day from the Department of Trade and Commerce; that is \$175?—A. Yes.

Q. Then you say your other revenue current with that was about the same, about \$175 a day?—A. I could not tell you that.

Q. You have stated so now a couple of times?—A. I might have, but I could not say that.

Hon. Mr. CASSELS.—Is it your evidence, Mr. Holliday, I do not know which is which. That is what you said. Then add \$75 to that and it is \$425.

Mr. WATSON.—Then, of course, you added onto that another \$75 in August?

Hon. Mr. CASSELS.—Less \$25 which he deducted later on.

Mr. WATSON.—That is the way it works out in figures.

Hon. Mr. CASSELS.—That is the way your evidence works out, Mr. Holliday.

By Mr. Watson :

Q. Have you ever worked it out?—A. No, I never thought of any such amount of money, we did not realize that at all.

By Hon. Mr. Cassels :

Q. It is not a question of getting. It is a question of what you realized at the time of the mail contract carrying freight and passengers?—A. I could not tell. Sometimes we might carry 6 or 8 passengers, another time we might have 20.

Q. Freight?—A. Very little freight.

Q. We want to get the thing correctly.—A. We carried very little, and most of the time we were loaded up for the Department.

Q. Your statement to Mr. Watson would indicate you were making \$175 a day over and above what you got from the Government?—A. No, we did not.

Q. Then it should be cleared up.—A. No, we did not.

By Mr. Watson:

Q. Now, you say to his lordship that when the figures were worked out you do not think you got as much as that?—A. No.

Q. But you cannot tell how much?—A. No, but we never got as much as that. I mean that is the whole thing out of our passengers and everything.

Q. I have asked you three different times about that and called your attention to it as we were proceeding.—A. Pardon me, I could not have understood.

Q. You could not have understood, all right. Well now, how long did the steamer work at that price?—A. I think we knocked off in October.

Q. That is October, 1904?—A. About four months.

Q. And then you sent in your account, do you see, and what was the total of the account, do you remember?—A. I would not say when she stopped, Mr. Watson, I don't remember.

Q. Then I see there is an account here for \$21,000 dated October 3rd. That is the date you knocked off, is it?—A. No, I would not say that.

Q. About that time, is it?—A. It might have been, I don't know, I could not say.

Q. Where is the other account, is this the other account? Mr. McClenaghan does not seem to be sure about it. This is not signed by anybody, \$9,328?—A. That is the \$30,000.

Hon. Mr. CASSELS.—The two cheques.

Mr. WATSON.—I know about the two cheques. I want the two accounts.

Hon. Mr. CASSELS.—They represent the two accounts.

Mr. WATSON.—I know, my lord, but I want to get the two accounts. I asked yesterday morning, my lord, that all these matters should be put in order and ready for use, but the officials have been so busy they have not had time to do it apparently.

Q. Who made out the account, Mr. Holliday?—A. Mr. Payn.

Q. Eh?—A. Mr. Payn.

Q. The book-keeper?—A. Yes.

Q. Now, these accounts were sent in in October, 1904. You were home at that time?—A. Yes.

Q. You were home at the time the accounts were sent in, no question about that?—A. Yes.

Mr. WATSON.—It is explained to me now, my lord, that the amount in addition to that \$21,000 is said to be \$9,607.75, although that is just endorsed upon the back of an office paper. We will take it meantime and see how that works out. That would be \$30,000—\$21,000 and \$9,607, that is \$30,607. Now, how did you get paid the amount of that account, \$30,607, and if so, when? Come on, Mr. Holliday.—A. That was paid the 16th, according to our bank-book it was deposited on the 16th June.

Q. The 16th of June?—A. The 16th of June.

Q. What was paid? Just pick out your bank-book here, please. Not paid until the 16th of June, 1905, is that what you say?—A. That was the date according to the stubs of our bank-book.

Q. According to the stubs of the bank-book?—A. Our cheque-book.

Q. Let us see then, please, what record you have got in the bank-book, what have you got? Do you find the bank-book there, Mr. Holliday?—A. No.

Dr. MORSE.—They were delivered out in Quebec.

By Mr. Watson:

Q. Did you get your bank-book out?—A. No, they are all here.

Dr. MORSE.—Oh no, Mr. Holliday, you got them back in Quebec.

WITNESS.—Oh, 1905, we have not got the bank-book.

By Mr. Watson:

Q. What?—A. We have not got the bank-book for 1905.

Q. Why have you not?—A. I think it was the first week in July that they closed up that branch of the People's Bank of Halifax and amalgamated with the Bank of Montreal, and we did not get our pass-book.

Q. Did you ever apply for it?—A. We tried to get it since this investigation started.

Q. Did you ever get it?—A. No. We went to the bank, they said they burnt their old papers. I have the cheques, Mr. Watson.

Q. You have the cheques?—A. Yes, I have them here.

Q. Well, now, just look and listen. You have your book here showing the entry, the credit of this amount in your book?—A. Yes.

Q. You had that at Quebec. The entry in the departmental ledger, my lord, is the 16th June, two cheques, one \$20,792.25 and the other \$9,607.75, making a total of \$30,400. Now, what have you got there, Mr. Holliday?—A. These are the stub cheques.

Q. The stub of what?—A. 1905.

Q. This is just the stub of the cheque-book?—A. Yes.

Q. Are there any entries in this relating to it?—A. Yes. They show the deposit there of \$30,000.

Q. Whereabouts?—A. (Witness turns up entry).

Q. Deposit, when was this written out, whose writing is it?—A. June 17th.

Q. You have got marked here \$30,300?—A. Yes.

Q. Those two cheques amount to \$30,400, do they not, they are so entered in the departmental books.

Hon. Mr. CASSELS.—There was a question about that in Quebec.

Mr. WATSON.—Yes, there was.

Q. These are the cheques?—A. Yes.

Q. Now, you have not your bank-book here for that?—A. No.

Q. Let us see your ledger showing the credit for these. We had that at Quebec. These two cheques will be put in, my lord. They are both dated the 2nd of June.

(Two cheques for \$20,792.25 and \$9,607.75 marked Exhibit 415a and b respectively.)

The entry in the ledger is 16th, that is a mistake apparently. It may mean the date they went out, possibly they may have been drawn one day and not sent out. Mr. Doyle says it is the date they were received in Quebec. You remember showing us an entry in the book, Mr. Holliday?—A. No, sir. I don't see it in this book. This is the ledger.

Q. 1904?—A. And 5.

Q. Where is it?—A. I don't see that.

Q. You had an entry here which you showed us in Quebec?—A. I think it must have been the bookkeeper.

Q. It is another book. Then where is the other book?—A. I have not got it here.

Q. Where is it?—A. It is at home.

Q. The other book is at home?—A. Yes.

Q. Now, then, let us get to it a little further. In the first place, the bank received those cheques? Are they endorsed, my lord?—A. They must have.

Hon. Mr. CASSELS.—Yes, by Mr. VanFelson, manager of the bank.

By Mr. Watson :

Q. Yes. Then the bank received these cheques and deposited them under the power of attorney?—A. Yes.

Q. Did you receive the total amount represented by these cheques from Mr. VanFelson?—A. All we have is—

Q. Will you say yes or no, please?—A. I don't know anything about that.

Q. What?—A. I don't know anything of it.

Q. You don't know anything of it?—A. No.

Q. What do you mean?—A. It would be my book-keeper that would have.

Q. Well then, what have you been talking about? What did Mr. VanFelson say to you? you had been discussing it. Do not make any mystery of it.—A. I am not making any mystery.

Q. Someone had been discussing, and you had to, the question of \$3,000 being deducted out of this sum. I want to get down to the matter. What occurred in regard to that?—A. The first thing I heard about it was about two weeks before the investigation started. I met Mr. Gregory at the club on Saturday afternoon and he said, 'Well, I suppose you know the investigation starts on the 3rd or 4th? I said, 'Yes, I believe so.' Then he said to me, 'Well,' he said, 'You had one transaction in Ottawa which I know of and you think I don't,' and I said, 'What transaction was that?' 'Well,' he said, 'Oh,' he said, 'It was a transaction you know about. Of course, you could not help yourself,' he said, 'you had to do it, that is all there is about it.' I said, 'I beg your pardon, I don't quite understand.' He said, 'There is no use telling you what you know already.' So it finished there so far as that went. Then the only time that came back to me again was when the investigation started we examined that \$5,700 which is lying there to my credit. That forenoon when I left the box I met Mr. VanFelson and we got discussing that together, and he said, 'Don't you remember the \$3,000 I paid the official who came down from Ottawa in connection with that \$30,000 odd due to you?'

Q. Do you not remember?—A. 'Do you not remember the \$3,000 odd I paid the official from Ottawa, that came down from Ottawa in connection with that \$30,000 odd that was due to you?'

Q. That is what Mr. VanFelson said to you?—A. What he said to me. I asked him if he was crazy or what he was talking about. He said, 'No, don't you remember that?' I said, 'No, I have no recollection.'

Q. No recollection?—A. 'No, I have no recollection.' Then he went on describing.

Q. I want to know what was said, please?—A. Said in what way?

Q. What else was said? Just give the conversation as clear as you can.—A. He tried to remind me of the transaction. He said a party came into him and said—

Q. Who was the party?—A. Then he didn't know.

Q. What?—A. Then he didn't know.

Q. Is that the expression he used then, that a party came in to him?—A. That a party came in to him, and this party said, 'I believe you have a power of attorney to draw a large amount of money that is due him from the Marine Department?' And his answer was 'yes.' 'Well,' he said, 'the money is available, but before it is paid we expect to do something.'

Q. We expect to do something?—A. Yes. His answer was, 'Do you expect Mr. Holliday to pay for it?' He said, 'Yes.' 'How much do you expect from him, \$1,000?' He said, 'More than that. \$2,000.' He said, 'If only two there is nothing in it for me.'

Hon. Mr. CASSELS.—This is all from Mr. Van Felson?—A. To me. He said, 'You don't expect Mr. Holliday to pay you \$3,000?' He said, 'Yes, that is about the amount.' He said, 'Well, I cannot do that without first seeing Mr. Holliday.' Then he sent for me, so he says, that I objected and said it was a hold-up since I had been

paying the bank interest and all the rest of it and I should be paying another 10 per cent it would be an outrage, that I tramped around there and said quite excited—this was his story—you said ‘Well, we are pretty hard up, we want the money badly, you had better go ahead and settle it.’

By Mr. Watson:

Q. And that you consented to pay?—A. And that I consented to pay.

Q. Now, when did that last conversation you have spoken of occur, what day?—

A. I think it occurred the same day or the following day where you got my books.

Q. That was after the opening of the commission?—A. After the opening of the commission.

Q. Now, that was before you gave your evidence at Quebec?—A. No, that was after you had questioned me on that \$5,700 odd.

Q. Was it before or after you gave your evidence in Quebec?—A. It was during the time.

Q. Why did you not state that at Quebec, Mr. Holliday?—A. Well, I did not want to get myself into trouble. I didn't know anything about it and did not want to get Mr. VanFelson into trouble.

Hon. Mr. CASSELS.—Who was the man, did he say?

Mr. WATSON.—I want to get another question first, my lord.

Q. When did he say that this conversation had taken place with you in the bank?

—A. About a week or ten days before the receipt of the money.

Q. That would be in June, 1905?—A. Yes.

Q. And when did he say that the official had seen him?—A. I would not say. I think a few days before.

Q. A few days before?—A. It might have been four days before.

Q. What was the name of the official?—A. He told me it was Mr. Boudreau.

Q. On that same occasion did he tell you?—A. No.

Q. When did he tell you?—A. To tell you the story, he said he explained to me ‘I made out three cheques and I changed one at three different banks and they were in fifties.’

Q. Three cheques for whom?—A. Of \$1,000 a piece.

Q. That is for the official?—A. Yes. And he says I signed those cheques. I say I have no recollection of signing those cheques.

Q. That is as far as you go, you have no recollection?—A. Yes. He said he got them in fifty and one hundred dollar bills and he put them in an envelope and put them in his drawer. This official came back and he handed him the envelope, and that official said, ‘Of course, in a transaction of this kind there is no receipt given.’ He said ‘yes, we will count it.’ He said, ‘No, a man of your position and son on, if you say it is all intact it is all right.’ He put it in his pocket and wished him good morning, and then about three weeks later he had occasion to go up and see his uncle at the Marine Department, and he was standing on the platform facing the river, the *Arctic* was at the wharf at the time, and he saw a young man checking goods on board the steamer. He asked someone, ‘Who is that young man?’ He said, ‘That is Mr. Boudreau, the assistant accountant of the Marine Department.’ ‘Oh,’ he says, ‘I remembered right off that was the man I gave the \$3,000 to.’

Q. That is the statement, is it?—A. That is the statement he made.

Q. Then did you gather from what he said, or rather did he say that at the time he paid over the money he did not know the name of the official?—A. Yes.

Q. Eh?—A. Yes.

Q. Did he say that, or is that just an inference by you?—A. He did not say to me at the time.

Q. But in the conversation afterwards in Quebec you have spoken of did he say then at the time he paid over the money he did not know the name of the official?—A. I think so, yes.

Q. You think so?—A. Yes, I am almost certain he did not know him at the time.

Q. You are almost certain he did not know him at the time?—A. No, he found out who he was later on.

Q. And do you mean to say he would pay a man he did not know \$3,000?—A. I am telling you his story. That is not my story. It is his story, the story he told me.

Q. Was anyone else present when he told you this?—A. He told it in my house.

Q. Well, it was at your house?—A. He was up for two or three nights trying to impress upon me, he came nearly every evening up to the time of the close of the investigation.

By Hon. Mr. Cassels:

Q. What I want to know is this. Did you understand from this statement the \$3,000 had been deducted from the \$30,400 or from the larger amount?—A. No, it was—from the statement he said \$3,000 had been paid a week or ten days before we received the \$30,000 odd.

Q. But was that over and above the \$30,400, or was it deducted from the \$3,400?—A. The cheques arrived down afterwards; it was paid up there.

Q. I know. But the total account according to your bookkeeper was \$30,400, plus \$20 a day, they only paid you \$180 a day, they had deducted, according to the letters, \$20 a day for a specific purpose. Now, what I want to get at is this, because it seems easy to be cleared up, there is a sum of \$30,400 represented by two cheques?—A. Yes.

Q. Now, these two cheques went to this bank in Quebec?—A. Yes.

Q. Very well. Now, you ought to be able to tell whether you got that \$30,400 and say whether or not this alleged story is true?—A. We got \$30,400.

Q. Well, leave that alone. The whole question was the difference between the getting of \$180 a day and \$200 a day, it accounted for the difference.—A. No, no, my lord. There would be \$20 deducted from the account. In the first place, you see, our full account, according to our account was \$32,200, and then they deducted \$20 a day, which would give \$30,400.

Q. That produced \$30,400. As I understand, you got that?—A. Yes.

Q. Then this alleged story of paying \$3,000 out of something—A. Came from some other source.

By Mr. Watson:

Q. From some other source?—A. That is what he says.

Q. Did he tell you so?—A. Yes.

Q. From what he said was the \$3,000 paid out of the proceeds of these two cheques, one for \$20,000?—A. No, no. That is not the way I would understand it, not at all.

Q. Not the way you understand it?—A. No, sir, not at all.

Q. Whose money was paid?—A. He says he paid my money.

Q. Did he pay your money?—A. I haven't any trace of it.

Q. I did not ask you that. You would know whether you were short \$3,000?—A. We cannot find that transaction at all in our books or in the bank or anything. I went down to Mr. Van Felson himself while the investigation was on, when he told me of this story we went together down to the Bank of Montreal and with one of the officials we went through the ledgers of the Peoples Bank of Halifax and the Bank of Montreal ledgers, then we went over to the Hochelaga Bank where I am doing my business, we started in with them in July 1905. I got Mr. Borgele.

Q. Who?—A. The manager of the Hochelaga Bank.

Q. You told him the story?—A. When the investigation was going on I went down with Mr. Van Felson, he was with me. I told him we wanted to clear this thing up. We went together and the manager got the Hochelaga Bank ledgers out, he went through, he said, 'There is nothing to indicate anything of the kind.'

Q. Mr. Holliday, I ask you once more, why did you not say something about that in evidence at Quebec city? You were asked specific questions whether any payment had been made to your knowledge, whether you had any intimation or word of any payment. You said you had not.—A. Mr. Watson, I was not going to say a thing I did not know, this was only a story.

By Hon. Mr. Cassels:

Q. When did you first hear that the department had deducted \$20 from the \$200 a day?—A. When Mr. Watson brought it to my notice.

Q. That was the first time?—A. That was the first time.

By Mr. Watson:

Q. You did not know until then?—A. Yes.

Q. Do you mean to say you thought you were getting \$200 a day?—A. Well, I would not say that.

Q. Well, that is just the same thing, is it not, as his lordship asked you?—A. I do remember now since the thing came up in Quebec, I knew of Mr. Gregory having deducted something from the account, but up to that time I hadn't any recollection.

Q. But when did you first know of it as a fact?—A. When you brought it to my attention.

Q. You see, Mr. Holliday, it leaves everything in the loosest possible kind of way. You are the owner and manager of that business?—A. Yes.

Q. And you do not know whether the accounts were paid at \$200 or \$180 a day, you do not know whether the manager of the bank was keeping back \$3,000 of your money or whether he was not; that is the condition of affairs?—A. That is the condition of affairs.

Q. Who was managing your business, yourself?—A. I was managing the working of the business myself; I left my bookkeeper to look after the finances.

By Hon. Mr. Cassels:

Q. Had you any other account with the Peoples Bank except these two cheques?—A. No.

By Mr. Watson:

Q. So these two cheques are the only two cheques with the Peoples Bank, they amounted to \$30,400?—A. We had other accounts.

Q. Had they any moneys to your credit?—A. No; we had an overdraft.

Q. I mean you were drawing cheques?—A. Yes.

By Hon. Mr. Cassels:

Q. You can say whether \$3,000 of your money had gone out of any account. —A. My lord, I do not know, I do not remember. Would you want me to say yes if I do not know?

Q. No. But I do not think I would repeat such a conversation without troubling to investigate.—A. I went to the bank.

Q. And found nothing there?—A. I found nothing there.

Q. Then you found this man had been making up a cock-and-bull story. What is the use of parading it around? He was pulling your leg.

By Mr. Watson:

Q. Did you ever see Mr. Boudreau up to that time, you remember whether you did or did not?—A. No.

Q. Did you know him at that time?—A. No, sir.

Q. Did you know him?—A. No.

Q. At the department when you were there in regard to these matters did you ever meet him?—A. No, sir.

Q. Had you any conversation with him?—A. No, sir.

Q. You say you never met him, you did not know him?—A. No, not at that time.

Q. When did you become acquainted with him?—A. It might have been 1906.

Q. It might have been 1906?—A. Yes. The first time I met him was going down on the train, I think, and we both stayed at the same hotel, the Queens Hotel, the first time I ever met him.

Q. Now, you just repeated what you say Mr. VanFelson told you. He was acting under a power of attorney from you?—A. Yes.

Q. Is that all you can say?—A. That is all I can say.

Q. You do not know whether it is true or untrue, you do not know whether he used your money or he did not?—A. No sir.

Q. But you do now, I suppose, that you got \$180 a day, whereas the original contract was only \$125 a day; that is the fact any way?—A. Well, the contract, the first contract.

Q. Yes, the original contract. \$125 a day, I see. Now, at Quebec you were asked specifically whether you had received the full amount of that account, \$30,400, and your answer, according to my recollection, was quite clear and distinct, you had received the full amount, perhaps it was some mistake of \$100 in that document.

Hon. Mr. CASSELS.—A mistake of \$100.

By Mr. Watson:

Q. Do you recollect making that answer?—A. Unless something had been deducted from the account. I don't remember saying that.

Q. Unless something had been deducted from the account. Now, where are we landed to?—A. I don't know. You put that several times.

Q. I am putting a plain question now.—A. I don't know.

Q. At Quebec, as I recollect it, you stated the amount of that account was \$30,400 and that you had been paid and received the whole amount less \$100, the entry in the book was \$30,300?—A. Yes.

Q. And you said that had been actually paid to you.—A. \$30,300?

Q. Yes.—A. That is right.

Q. What do you mean to say now, unless there was some deduction?—A. I thought you meant \$32,000.

Q. What about \$32,000?—A. There was a deduction made of \$20 a day, and we received \$30,000, according to our books, \$30,300.

Q. \$30,300?—A. Yes.

Q. That is what you are referring to by deduction?—A. Yes.

Q. Unless there was a deduction. Do you mean to say you are not sure whether any deduction was made by the department?—A. I remember afterwards, as I tell you, that Mr. Gregory had made the reduction.

Q. Mr. Gregory had made that reduction, I see. Now, have you been thinking it over since with regard to Mr. Gregory, how much did you pay him?—A. I don't know, Mr. Watson, but what I paid him, I paid him as I said before.

Q. That is the commission?—A. Yes; well, interest.

Q. Commission?—A. Put it which ever way you like.

Q. Put it which ever way you like, commission or interest. How much did he get out of that \$3,000?—A. I don't know.

Q. Eh?—A. I don't know, I am not prepared to say, I don't know anything about it.

Q. Well, now, you have known Mr. Boudreau since 1906?—A. Yes sir.

Q. Have you not?—A. Yes, sir.

Q. Let me ask you, since then have you spoken to that gentleman about the matter?—A. No, sir. I did not know of it.

Q. Since then have you spoken to Mr. Boudreau about the matter?—A. Yes.

Q. Here at Ottawa?—A. No. Mr. Boudreau came down to Quebec, he came to my house.

Q. Yes.—A. And spoke to me about it, and we went down town together, and——

Q. That is all right.—A. We went to a lawyer's office and explained his position. He told him——

Q. I do not want to know what he said to his lawyer.—A. He said he had never received the money.

Q. I see, that is what Mr. Boudreau told you, he had never received the money? —A. Never received the money.

Q. Then did you speak to Mr. VanFelson about it?—A. I did.

Q. After Mr. Boudreau told you that?—A. Yes. I saw him that forenoon.

Q. What did Mr. VanFelson state then?—A. He still insisted he paid him the money, and in the evening about 9 o'clock I was called on the phone by Senator Choquette.

Q. We need not go into what Senator Choquette said. He was acting as counsel in the matter. But in consequence of that did you have any further interview?—A. With?

Q. In consequence of the telephone message from Mr. Choquette did you have any further interview?—A. I went over to his house.

Q. To Mr. Choquette's house?—A. Yes. He asked me to go over.

Q. That is a matter then between you and him.

Senator CHOQUETTE.—I have no objection to let you know what he said.

Mr. WATSON.—I do not desire to introduce that.

WITNESS.—Mr. Boudreau was over there..

Q. That is what I want to know. Mr. Boudreau was there. What occurred in Mr. Boudreau's presence?—A. They said Mr. VanFelson had just left and that he had met Mr. Boudreau there.

Q. Who said that?—A. Senator Choquette I think; and he said that Mr. Van Felson had just left and that he had still, still he had told the same thing to Mr. Boudreau as he had told me.

Q. That is, Mr. VanFelson had told the same thing to Mr. Boudreau as he had told you?—A. Yes.

Q. And that is the way it stood?—A. That is the way it stood.

Q. And that is the way it stands to-day?—A. Still.

Q. As far as you know. And then is there anything further about it?—A. I don't know of anything further.

Q. Now, I want to know—the name of an official has been introduced in this way —have you ever had any transactions of any kind with Mr. Boudreau?—A. No, sir.

Q. What?—A. No, sir.

Q. Of any character whatever?—A. No.

Q. Have you ever paid him any money?—A. No.

Q. You remember being asked at Quebec a question, not specifically about him, because I did not know about that, in regard to any official?—A. Yes.

Q. And you said no. At that time you did not think it necessary to tell what you have repeated here apparently?—A. Because, Mr. Watson, when I was down to the bank there was no proof.

Hon. Mr. CASSELS.—It seems to me, Mr. Holliday, it is a very simple matter for a man of your business capacity with clerks at your disposal to hunt through or get an accountant to go through your books and see if you lost any money, if the story is true.—A. We have, my lord. I have only two in my office, we are running these steamers and our other business and at this time of year, the close of navigation we are very busy.

Q. It would be a very easy matter to find out whether \$3,000 of your money has gone?—A. We have tried to do that.

Q. If you cannot find any loss what then?—A. Mr. Van Felson came with me and tried to help find it.

Q. You believe Mr. Van Felson's story or you would not be here telling it, you must believe he got \$3,000. You should try to discover if that is so, that should be the very first thing you should do?—A. We have tried.

Q. You did not find any loss?—A. We did not find any loss. We have been not only to the bank, I told the bank manager—

MR. WATSON.—Instead of hunting about the banks one would expect you would hunt through your own books of account?—A. You had them all up at the court house.

Q. You have had time since to hunt up the accounts with the department and your receipts and see if they tally. It is the simplest thing in the world.—A. We did.

Q. You found they tallied?—A. We found they tallied.

Q. You found you are not money out?—A. That is all I found. The way everything stands as far as we know we are not out anything.

Q. As far as you know, you say. That is qualified. Now then, Mr. VanFelson has just asked me to ask you, Mr. Holliday, whether you will undertake to state—I am repeating his question in his words—under oath that you did not sign those three cheques for \$1,000 each for the purpose of having the money applied in the way he says?—A. Mr. Watson, I will tell you—

Q. Cannot you answer that, yes or no?—A. I answer the same as I told him, I have no recollection of anything of the kind.

Q. That is as far as you will go?—A. That is as far as I will go. I told him the same thing, I have no recollection of it.

Q. Now, Mr. Holliday, you appreciate fully no doubt that that statement that you have no recollection is very different from a denial, you appreciate that, do you not?—A. I don't know.

Q. Have you not in your mind now that that answer, you have no recollection, is very different from the denial of a fact, have you not that in your mind?—A. No.

Q. Just try and get it in your mind.—A. I do not say I deny it.

Q. You do not say you deny it?—A. I say I do not know anything about the transaction, Mr. Watson.

Q. Will you deny you signed these cheques?—A. I won't deny anything of the kind.

Q. Will you deny that you were told by Mr. VanFelson at the time how the money was to be applied?—A. I have not, I don't remember anything of the kind.

Q. Will you deny that fact if he says so under oath?—A. I won't deny anything, no.

Q. You won't deny anything?—A. I say I have no recollection, and I will stand by it. I don't know anything about it.

Q. Do you want it should be left in that way now for yourself, that you have no recollection and that you do not want to carry it any further or different from that?—A. Well—

Q. I am just asking.—A. I know, Mr. Watson.

Q. I am just seeking to put it fairly to your own position?—A. I realize my own position. I say I do not know.

HON. MR. CASSELS.—You see, Mr. Holliday, the difference in the position now is this. You believed \$3,000 was deducted out of your money before you got the balance; now the allegation apparently is you got all of your money and then voluntarily signed three cheques for \$1,000 each?—A. I don't say I signed anything.

Q. But you do not deny it?—A. I say I have no recollection of anything of the kind. I cannot go any further.

Q. That is all?—A. If the cheque had been signed I would say so, if I know I would say yes.

Q. Have you investigated in your bank-book the bank account upon which these cheques would be drawn?—A. Yes, sir.

Q. Have you examined the bank-book to see whether three cheques of \$1,000 each were drawn against your account?—A. Yes, with Mr. VanFelson himself.

Q. Did you see it?—A. Down in the Bank of Montreal.

By Mr. Watson:

Q. That is as far as you will go?—A. Yes, as far as I will go. We went down together, Mr. Watson, to the Bank of Montreal and went through the ledgers.

Mr. WATSON.—That does not appear to me very satisfactory. Of course it is not for me, but for you and his lordship. But, Mr. Holliday, I understand you to say that if Mr. VanFelson states under oath that you signed those cheques for \$1,000 each and that at the time he told you how the money was to be applied that you will not contradict it under oath, you will not deny it under oath; is that so?—A. I am not going to say anything I do not know, Mr. Watson.

Q. Well, if he makes that statement under oath will you deny it?—A. I would like him to produce the cheques.

By Hon. Mr. Cassels:

Q. Will you contradict his statement if he swears to it?—A. No, my lord, I won't contradict, I won't.

Mr. WATSON.—That is all.

(Departmental file for 1904 relating to payments on account of *King Edward*, marked Exhibit 416).

(Departmental file 1905 relating to same marked Exhibit 417).

A. B. VANFELSON, sworn.

Senator CHOQUETTE.—Your lordship, before this witness is examined I just wish to say this. There is a case pending in Quebec between Mr. Boudreau and Mr. VanFelson. Mr. Boudreau has taken civil action for \$10,000 damages for slander. I just point out to the court that anything the witness will say will be used against him.

Hon. Mr. CASSELS.—I do not know I have any jurisdiction.

Senator CHOQUETTE.—I just draw your attention to that, under the same Statute that I cited in connection with Mr. Gregory's evidence.

Hon. Mr. CASSELS.—That Statute relates to criminal proceedings.

Senator CHOQUETTE.—I understand that. I just mention that.

Hon. Mr. CASSELS.—Whatever benefit you can get under it you will.

Senator CHOQUETTE.—Yes. I just wish to make that statement that is all.

Mr. LAFLAMME.—My lord, before this witness is examined, on behalf of Mr. Boudreau whose name has been mentioned in the examination of the previous witness, I would like to ask your lordship's permission to put one or two questions to Mr. Holliday.

Mr. WATSON.—Certainly. I did not know Mr. Laflamme was representing Mr. Boudreau at the present time.

JAMES HOLLIDAY, recalled.

By Mr. Laflamme:

Q. Mr. Holliday, you said that Mr. VanFelson called at your house on different occasions, two or three at least, you said, in reference to the payment of this \$3,000?—A. Yes.

Q. Did he tell you at that interview which you had at Quebec that he had come immediately after having seen this third party?—A. I don't understand you.

Q. Did he tell you at Quebec, that is when he narrated to you at Quebec what he thought had happened in 1905 that he had called to see you in connection with this \$3,000 immediately after seeing that third party?—A. What had happened?

Q. Yes. Well, how many times did he tell you in Quebec he had called at your house?—A. He had called at my house, he lunched with me one day during the investigation.

Q. No doubt you saw him while this investigation was going on in Quebec?—A. Yes.

Q. And he told you you had paid him \$3,000?—A. Yes.

Q. And he told you he had called at your house on different occasions in connection with the \$3,000?—A. Well, he called during the investigation.

Q. I know. But at the time?

Hon. Mr. CASSELS.—Mr. Laflamme is asking you whether Mr. VanFelson did not tell you he had called, not whether he did call or not?—A. Whether he had called or not?

Q. Mr. Laflamme says were you not told by Mr. VanFelson that before the money was put to your credit he had gone and told you what this gentleman said about the \$3,000?—A. He sent for me, I went to the office.

By Mr. Laflamme:

Q. You went down to the bank?—A. I went down to the bank.

Q. What I want to find out, Mr. Holliday, is did he tell you you had gone down to the bank at his bidding?—A. Yes.

Q. Wait a minute. On the day he had seen this third party?—A. No, I would not say that day, I don't know what day it was.

Q. What is that?—A. He did not say what day as far as I remember, I don't remember.

Q. Did he tell you that that was the place, in the bank premises?—A. Yes.

Q. Why don't you wait a minute. Did he tell you that the three cheques had been signed in the bank premises?—A. That is what I understood from him.

Q. You are sure you are not misunderstanding?—A. No.

Q. The three cheques were signed there. You had an account with the Peoples Bank then?—A. Yes.

Q. The cheques were Peoples Bank cheques, drawn on the Peoples Bank?—A. I would not say that, because—

Q. From what he told you?—A. From what he told me. I have not any recollection of it.

Q. Well now, after the investigation adjourned in Quebec did you have a conversation with Mr. VanFelson by phone in connection with the payment of this \$3,000?—A. Yes.

Q. Will you state about what time you had this conversation?—A. Oh, I had two, I think one from my office and another from the Chateau Frontenac.

Q. Would that be in December?—A. That was the Monday following the closing of the investigation.—A. That is it.

By Mr. Watson:

Q. The Monday following the closing?—A. The closing. It closed on a Saturday.

By Mr. Laflamme:

Q. Was there anything said during that conversation between you and Mr. VanFelson with reference to the identification of the third party who had called in reference to the \$3,000?—A. Yes, Mr. Laflamme. I told Mr. VanFelson that Mr.

Boudreau was in town and that I believed he had some proof or that he had proof he was not the man he had given the money to and I thought it would be better for him to try and settle the thing somehow or other sooner than have trouble. 'Well' he says, 'If Mr. Boudreau will tell me who I gave it to I am ready to apologize.'

Q. He was ready to apologize.

Senator CHOQUETTE.—As this is a very important matter, will I be allowed to put a question or two to Mr. Holliday on behalf of Mr. VanFelson?

Hon. Mr. CASSELS.—One moment, senator. I have no objection to your putting any question you like on behalf of Mr. Gregory.

Senator CHOQUETTE.—I just wish to ask a question.

Hon. Mr. Cassels.—No witness is entitled to the benefit of counsel.

Senator CHOQUETTE.—Then on behalf of Mr. Gregory, that will indirectly affect him. I remember the ruling at Quebec.

Hon. Mr. CASSELS.—If I allow it to one, I have to to all.

Senator CHOQUETTE.—Yes. I ask on behalf of Mr. Gregory.

Mr. LAFLAMME.—Will you allow me a further question?

Senator CHOQUETTE.—Certainly.

By Mr. Laflamme:

Q. Did you in June, 1905, sign any cheques in the ordinary course of your business, or did Mr. VanFelson sign cheques under the power of attorney?—A. I don't remember him signing any of my cheques.

Q. You signed them all?—A. Yes.

Q. Mr. Holliday, although you have, as you say, a defective memory, don't you think that if you were called upon to sign under such circumstances as those related to you by Mr. VanFelson, three cheques of \$1,000 each to be handed over to a party then unknown, that you would have every reason to remember?—A. Yes, I would think so. Only under certain circumstances I might have forgotten, because at that time I was having a lot of trouble with my steamers. I had one steamer ashore and had other things as well.

Q. That would be in addition to the others?—A. I think I should have remembered it just the same. I am at a loss, my lord, I don't know, I cannot say anything.

By Mr. Watson:

Q. Would there possibly be business reasons for not remembering?—A. No, sir, no, no, sir.

By Mr. Laflamme:

Q. Now, from June, 1905, until the time you were examined at Quebec in the investigation you have seen Mr. VanFelson many times?—A. From the time the investigation started?

Q. No. From June, 1905?—A. Oh, yes, yes, yes.

Q. Until the time the investigation was held in Quebec in November, 1908?—A. Yes.

Q. You had occasion to meet Mr. VanFelson many times?—A. Yes.

Q. Well, during all that period of time did he ever mention to you the payment of this \$3,000?—A. No, sir, he never mentioned it.

Q. You are quite positive of that?—A. I am quite positive.

Q. You are quite sure your memory does not fail you?—A. If he had I would have remembered it.

By Senator Choquette:

Q. Did you hear about the amount of \$30,000?—A. From whom?

Q. Mr. VanFelson; during that time?—A. During—no.

Q. That transaction never came to your mind?—A. No.

Q. Now, you related the conversation with Mr. Gregory at the club about this \$3,000?—A. Yes.

Q. Was any name mentioned there by Mr. Gregory?—A. No, no name mentioned. He merely told me—

Q. Do not repeat the story. No name was mentioned?—A. No.

Q. Is it not the fact that you telephoned yourself two or three times during the investigation to Mr. VanFelson to have some explanation about this \$3,000?—A. Yes.

Q. You telephoned yourself?—A. Yes.

Q. Is it not the fact that you brought him to your house to lunch with you there?—A. He walked up with me, I asked him to come to the house.

Q. Is it not the fact that you brought him yourself?—A. Yes.

Q. Is it not the fact you asked him not to go in the box?—A. Yes.

Q. That is true. That is all.

Mr. WATSON.—I want someone from the department to produce the record of the attendance of officials during 1904 and 5.

Hon. Mr. CASSELS.—Yes.

Adjourned at 12.45 p.m. to 2.10 p.m.

A. B. VAN FELSON, recalled.

By Mr. Watson:

Q. Mr. Van Felson, what is your business or occupation?—A. Agency Director of the New York Life Insurance Company, Quebec Branch.

Q. You were, as I understand, the manager of the Bank of Quebec City?—A. Yes, sir. I was manager of the Quebec Bank for a number of years and manager of the Peoples Bank of Halifax for six years.

Q. When did you commence in the Peoples Bank?—A. I believe it was in '89, I think it was June '89.

Q. In June 1889 in the Peoples Bank?—A. Not June 1889, 1899. I was six years with them.

Q. Then you ceased from 1905?—A. The 1st of July.

Q. The first of July, 1900. That, it has been said, was the occasion of a transfer of the business of that bank to the Bank of Montreal?—A. The Bank of Montreal took over the Peoples Bank business on that date.

Q. Did you go over with it?—A. Yes, sir.

Q. To the Bank of Montreal?—A. Yes, sir.

Q. Then you quit for something better?—A. I had a better offer and accepted it. That offer was made to me before the transfer.

Q. That is all right. Where are the books of the firm of Holliday & Co., the bank book showing the account and records of that firm with the Peoples Bank during the years 1904 and 5?—A. The ledger account you mean, sir?

Q. Yes.—A. At the Bank of Montreal.

Q. At the Bank of Montreal?—A. Quebec Branch

Q. Have you seen them there?—A. Yes, sir.

Q. When did you last see them there?—A. During the investigation at Quebec.

Q. Do you mean to say you went to Montreal?—A. No, sir, Quebec. They are in the Bank of Montreal, Quebec Branch.

Q. Oh yes, the Bank of Montreal, Quebec Branch. Did you obtain a copy of the entries, the debit and credit entries in that account during the period in question?

—A. During the investigation?

Q. Yes; or since?—A. No, sir.

Q. Have you ever obtained that from the Bank of Montreal?—A. No, sir.

Q. Ever asked for it?—A. No, sir.

Q. Do you know any reason why it should not be furnished with their consent?
—A. Not that I know of. I, with Mr. Holliday went—

Q. With their consent. Do you know of any banking reason why it should not be furnished?—A. Not that I see of.

Mr. WATSON.—Your lordship will pardon me. Then is Mr. Holliday here? Would you consent that that should be obtained from the Bank of Montreal?

Mr. HOLLIDAY.—Certainly.

By Mr. Watson:

Q. Then, Mr. Van Felson, you are related to Mr. Gregory?—A. Yes, sir. His nephew.

Q. And how long has the account of Holliday Brothers been kept in that bank, the Peoples Bank, during the whole period that you were manager?—A. Yes, sir. I think it came shortly after I took charge of the Peoples Bank of Halifax, the exact month I could not remember.

Q. Was that incident to the personal management? That was because you were manager, I suppose, was it?—A. No, sir. If I remember rightly, Mr. Holliday wanted a little more accommodation and he came and asked me to do it. I referred the account to the home office and obtained it.

Q. I think we heard something in Quebec that probably that was a suggestion of Mr. Gregory's?—A. No, sir.

Q. Not to your knowledge?—A. No, sir. It was long before Mr. Holliday had anything to do with Mr. Gregory that the account came to the bank.

Q. How do you know he had anything to do with Mr. Gregory?—A. Because I would see cheques, notes, etc., transactions, government cheques.

Q. That will do. Then the account of Holliday Brothers in the bank was apparently, I should say manifestly, a very good account for the bank?—A. Yes, sir, satisfactory.

Q. And you knew you had a power of attorney from Holliday Brothers?—A. What, sir?

Q. Did you have a power of attorney from them?—A. I had a power of attorney from Mr. Holliday on two occasions.

Q. When did you get the first power of attorney?—A. The first power of attorney was when we advanced to Mr. Holliday.

Q. But I am asking for the date, please.—A. Well, I would have to refer to the books.

Q. About what dates?—A. I think the fall of 1904.

Q. Not before that time?—A. No, sir, not that I can remember.

Q. Not that you can remember. The fall of 1904. That we understand from Mr. Holliday was a power of attorney that enabled you to endorse his name upon cheques for deposit in his account in your bank?—A. No, sir, no; only cheques coming from the Department of Marine and Fisheries.

Q. I see. Limited to that?—A. Yes, sir.

Q. And that power of attorney remained good until the bank closed?—A. Yes, because that power of attorney was given as collateral guarantee.

Q. Never mind the because. I do not think that is necessary. It remained so. Then did you have another power of attorney?—A. Yes, sir.

Q. When did you get that, the date I mean?—A. Somewhere in February I think.

Q. 1904?—A. Five.

Q. 1905. What was the purport of that power of attorney—have you got it here?
—A. No, sir.

Q. Where is it?—A. It must be with the notary who drafted it or Mr. Holliday must have a copy.

Q. Would you not have it?—A. No, sir.

Q. You would have it to act on?—A. No, it had nothing to do with the bank business.

Q. What was it for?—A. Mr. Holliday, his partner, his brother John, was ill.

Q. Never mind.—A. You asked me why.

Q. Upon its face as nearly as you can tell what was the object of it?—A. It was simply to settle the dissolution between James and John Holliday who were up to that date Holliday Brothers, to settle for James with John in the dissolution.

Q. I see. That is your recollection of it?—A. And that is correct, sir.

Q. That is correct. Then you keep in touch as a banker with the business of your customers?—A. Certainly, sir.

Q. And I suppose particularly so with Holliday Brothers by reason as it has been disclosed, that you thought it necessary to take a power of attorney to endorse cheques, that would indicate that you were?—A. No, Mr. Watson. Do you mean all cheques?

Q. The cheques of the Marine Department. That would indicate you were wanting some security?—A. No, sir.

Q. It would not?—A. No. That transaction refers to after the power of attorneys were given and had nothing to do with the power of attorney.

Q. I am not talking of any other transactions. Speaking about the account I thought by reason of the fact of taking a power of attorney would rather lead to the inference that you were wanting to keep close track of the account and something in the nature of security for advances?—A. Yes, sir.

Q. That is what I asked you. And that was the condition of affairs?—A. Yes, sir. We advanced—

Q. That is the condition of affairs?—A. Yes, sir.

Q. Then keeping in touch in that way, of course, you knew something about the transactions with the Marine Department?—A. Yes, sir.

Q. Yes. And you knew of this contract or agreement that was made for the chartering of the *King Edward*?—A. Yes, sir.

Q. And you knew that that contract originally was for \$125 a day?—A. Yes, sir.

Q. You knew that at the time?—A. Yes, sir.

Q. At the time the contract was made. In fact that was discussed between you and Mr. Holliday somewhat?—A. Not particularly, sir.

Q. Just in a general way?—A. I know that Mr. Holliday after he had started work for the company had some difficulty about the way of carrying on the work.

Q. Yes. Then you knew after that that he sought to have the contract varied, in fact rescinded, and to have a new arrangement?—A. Yes, sir.

Q. That was after some consultation with you?—A. Not after consultation with me. I had nothing to do with that beyond telling him as a banker.

Q. That is what I mean. Every talk with a banker is a good deal like a consultation in my experience, treated so by the banker at all events?—A. It should be confidential.

Q. Well, then, so you were in touch with him?—A. Yes, sir.

Q. And you were advising him, trying to get it increased?—A. A good banker always tries to get his customer all he can.

Q. I see. And then the correspondence was shown to you from time to time or the substance of it made known to you?—A. No, sir.

Q. You knew it had been referred afterwards to Mr. Gregory to report upon it?—A. Naturally, as agent.

Q. Naturally. You knew that had been referred to him. Of course, you used your kind offices with Mr. Gregory?—A. No, sir.

Q. Eh?—A. No, sir.

Q. Not a bit, eh?—A. No, sir.

Q. You would not do that?—A. It was not my business as banker.

Q. You were interested in Mr. Holliday at that time, at all events the advances to the firm were considerable?—A. Yes sir.

Q. A little bit over the mark?—A. No, sir.

Q. Not, eh?—A. No.

Q. Oh, first rate. At all events you were interested as bankers in getting the increase if you could?—A. Naturally to help out our customer.

Q. Yes, to help out your customer. And then you knew of the effect of the communications by the deputy minister referring it, as you say, to Mr. Gregory?—A. No sir.

Q. You knew it had been referred, you did not know in what way?—A. I knew Mr. Holliday had interviews with him.

Q. And that it had been referred to Mr. Gregory. You knew of his report about it, I suppose, in a general way at all events?—A. Well, I understood from Mr. Holliday it was expected to be received.

Q. It was expected to be received, I see. That is, to be acted upon?—A. The increase.

Q. The increase would be made, you know that from Mr. Holliday and I suppose from Mr. Gregory as well?—A. Well, yes.

Q. Yes, of course. And about the same time you recollect some interviews there with Mr. Gourdeau, the deputy, when he was at Quebec?—A. Not with me, sir.

Q. Try and think. You know of his interviews there, reports were made to you of the interviews?—A. No sir.

Q. Eh?—A. I had nothing to do with him.

Q. Or with Mr. Spain?—A. No sir.

Q. You know those gentlemen very well?—A. Yes sir.

Q. They are quite intimate friends of yours?—A. No, not intimate.

Q. But friends?—A. No sir. I don't suppose I have shaken hands with Mr. Spain twice in his life time.

Q. All right, that is the position.

By Hon. Mr. Cassels:

Q. The more friendly you are, the less you shake hands, you know.—A. Sometimes the better, my lord.

By Mr. Watson:

Q. Well then, that being so, you knew of the account being sent in?—A. Yes, sir.

Q. At the \$200 a day?—A. Yes, sir.

Q. And you knew that a new contract was drawn up and signed by Holliday Brothers but not signed by the minister?—A. I did not know that, sir.

Q. You did not know it was not signed by the Minister?—A. No, sir, I never saw any of the contracts.

Q. At that time you were pretty anxious to get in the money, apparently, by the correspondence we have here?—A. Yes, sir.

Q. So you went perhaps a little bit out of the way to write to the colonel to try and get the money in?—A. Yes, sir, for several reasons.

Q. The chief reason was a bank reason, was it?—A. Yes. The bank was pressing for funds to have a good statement when they handed over.

Q. A good statement. So you were anxious to get as much money on hand for the bank as you could?—A. Yes, sir.

Q. And part with as little as possible?—A. Yes.

Q. That was the principle on which you were acting?—A. Yes, on one of those reasons.

Q. The bank takes all it can get and gives as little as possible?—A. It depends.

Q. I see. That was the principle you were going upon during 1904 and during 1905?—A. Yes, sir; especially 1905.

Q. Especially during 1905 you were not giving anything?—A. No, sir; they cut off all loans.

Q. So you were not in a position to give any indulgence or favours during that time?—A. No, sir, except in very exceptional cases.

Q. And the Holliday Brothers' account was not an exception?—A. No, sir. Well, the advance had been made before.

Q. Rather excessive advances before?—A. Not excessive.

Q. Not excessive, I see. Well, that gives the financial condition between the bank and Holliday Brothers, I think. Well then that comes to the period of getting in the moneys. Before these cheques came to hand you had asked for the payment of the money; it had been standing for sometime, standing from October, 1904?—A. Yes, sir.

Q. And that was the reason for your pressing?—A. Yes, sir.

Q. Why was it not paid during November and December, 1904, have you any idea?—A. The department can answer that.

Q. You have no idea?—A. No, sir.

Q. You see, it stood over for eight or nine months?—A. Yes, sir.

Q. And Mr. Holliday and the bank could ill afford that, having regard to the conditions?—A. Yes, sir.

Q. That is the position?—A. Yes, sir. In fact, turn the money over as often as possible.

Q. Yes. And do you mind saying if you can from recollection in June, the early part of June, 1905, about how much overdraft there was by Holliday Brothers? I do not think this will be unduly disclosing business relations?—A. I could not tell you exact.

Q. About how much, \$40,000 to \$50,000?—A. Oh, no.

Q. About how much? At all events, in excess?—A. No, not more than \$20,000, if it was that.

Q. Not more than \$20,000, that is what you say?—A. Yes, sir.

Q. Was it the fact that at that time you were not willing to discount the paper of that firm, of Holliday Brothers?—A. Well, they did not require it, sir, except for special entry.

Q. Just try and think. Was it necessary at that time that your bank should have any endorsement from Mr. Gregory in order to leave the bank to discount Holliday Brothers' paper?—A. No, sir, I do not think we took a note with Mr. Gregory's name on it for Mr. Holliday.

Q. Not at all?—A. I don't think so, sir.

Q. Then did you have any assurances or the responsibility of Mr. Gregory?—A. No, sir.

Q. Eh?—A. No, sir.

Q. Not at all?—A. That is one of the accounts where Mr. Gregory had nothing to do with the bank.

Q. I see. Then as far as banking facilities were concerned, limiting it to that, you do not know of any reason why Mr. Gregory should charge a commission to Mr. Holliday—so far as banking facilities are concerned, just limiting it to that, please?—A. Just put your question again, please?

Q. I say so far as bank facilities were concerned, bank facilities between the bank and Holliday Brothers?—A. Yes, sir.

Q. Do you know of any reason why Mr. Gregory should charge Holliday Brothers any special commission or any special rate of interest?—A. For money lent?

Q. At all in respect to these accounts?—A. Well, Mr. Holliday at that time was wanting money.

Q. I am not asking you that. I want to limit my question. As far as bank facilities were concerned was it necessary, have you any knowledge of any reason why

Holliday Brothers should pay Mr. Gregory commission?—A. Yes, sir; because we would not advance him any more.

Q. I see, then you would not advance him any more. That just brings us to the point that as between the bank and Holliday Brothers he had reached the stage when the bank would not make further advances to him?—A. Yes, sir.

Q. I see, that was the condition in June, 1905?—A. Yes, sir.

Q. That is in business experience a kind of critical stage on a man a customer of a bank?—A. It all depends. He may be able to go elsewhere.

Q. The customer is pretty well up against it when the bank takes that position?—Well, he went elsewhere and got it.

Q. Then you knew of the arrangement or understanding through which Mr. Gregory got certain remuneration?—A. I only knew that from Mr.——

Q. Did you know of that from Mr. Gregory? Yes, or no.—A. A long while after.

Q. You knew of that from Mr. Gregory?—A. Yes, a long while after.

Q. Was that at your suggestion to Holliday Brothers originally that Mr. Holliday should apply to Mr. Gregory?—A. No, sir.

Q. I see. Mr. Gregory made you acquainted with the fact afterwards, did he?—A. Not only referring to Holliday Brothers, in a general way referring to others as well.

Q. That was a system he was pursuing?—A. Yes, sir.

Q. Well, very profitable for him apparently. The account was sent in for about \$30,000 odd and you got those cheques?—A. Yes, sir.

Q. You know them, do you?—A. I see them now for the second time, well the third time. I saw them this morning.

Q. The accounts passed through your hands before they were sent to the department I understand?—A. No, sir.

Q. They did not?—A. No, sir.

Q. Did you keep any cheque on the accounts?—A. No, sir.

Q. Did you take an interest to see the accounts were properly rendered for a full amount, I mean to say as full an amount as could be reasonably obtained?—A. No. When any business referring to the Department of Marine and Fisheries was offered—

Q. Never mind any business. Keep to Holliday Brothers.—A. I refer to the office. Mr. Gregory told me as well as Mr. Holliday, Mr. Holliday told me the amount due and the amount of his account for that, I believe some \$32,000, Mr. Gregory confirmed it, and I advanced a certain amount of money provided a power of attorney was given to the bank. Of course, my name appeared on it as manager.

Q. Provided it was given to the bank. But you had a power of attorney at the time before that?—A. No sir. I think the first power of attorney I got was 1904.

Q. Yes. But you had a power of attorney before June, 1904. Let me see those please.—A. This was the account the power of attorney was given for in October. That account was due in October. I got a power of attorney in October or sometime after.

Q. Did you endorse departmental cheques before this for Holliday Brothers?—A. That I could not swear to sir, I don't think so.

Q. Well, that will do about that then. Now, have you seen the bank book of Holliday Brothers that was current in June, 1905?—A. No, sir.

Q. You have never seen it since?—A. No, sir, and saw it seldom before.

Q. That is all right. Did you ever make any inquiries about it since?—A. Yes sir, with Mr. Holliday.

Q. Were you able to find it?—A. No, sir.

Q. Why not?—A. The bank said they were in the habit at certain periods of burning all these old books and papers.

Q. That is the Bank of Montreal?—A. Yes, sir.

Q. I should have thought they would have some regard for the Peoples Bank book?—A. They kept the ledgers and correspondence.

Q. That is probably business, all right. Well then, these are endorsed by you, and deposited by you to the credit of his account I assume?—A. Yes, as manager of the bank.

Q. \$30,400?—A. Yes, sir.

Q. Did he get this \$30,400?—A. Yes, sir.

Q. Did he get the whole of it?—A. Yes, sir.

Q. How do you know?—A. It was credited to his account in the bank ledger.

Q. Did you know at the time whether or not there was any discount or any deduction from the account sent in?—A. Yes, sir.

Q. You knew about that?—A. Yes, sir.

Q. What did you know about it?—A. I knew there was a discussion over the filing of his account at \$200 a day, and I understood the government had reduced from the original account some couple of thousand dollars.

Q. Why would that be reduced by \$20 a day when Mr. Holliday had a new contract for \$200 a day, or he thought he had when he signed it?—A. That is a matter between the department and Mr. Holliday that I knew nothing of.

Q. That seemed to be a very fast and loose way. There was first a contract of \$125 a day departed from, then a contract at \$200 and that again departed from. Did you inquire into that?—A. No, it was none of my business.

Q. I see. Then this \$30,000—you have been in court here while Mr. Holliday was giving his evidence?—A. Yes, sir.

Q. Did Mr. Holliday pay out any moneys out of his account in respect to collateral matters to and for any official?—A. Not out of that account, sir.

Q. Well, out of any account?—A. Yes, sir.

Q. What?—A. Yes, sir.

Q. What was the date?—A. About the beginning of June.

Q. Give me the exact date, if you please. This is a matter that has evidently been concerning you?—A. Yes, sir. I kept no notes of it, you know.

Q. You have been looking it up. What day in June?—A. Sometime between the, it must have been between the 4th and 10th.

Q. That is a margin of seven days. Can you come down a little closer?—A. No, sir. I could not answer to the exact date, no record was kept.

Q. But you say between the 4th and 10th, inclusive?—A. Yes.

Q. On which day, I am a little particular about this?—A. I cannot remember Mr. Watson the exact date.

Q. Will you say the 4th was included?—A. It was not the 4th because the 4th was a Sunday. Evidently you have looked it up pretty closely, Mr. VanFelson. It was not the 4th. Then was it the 5th, that would be a Monday?—A. I would not like to fix the date, you know, but I am perfectly—I am under oath, and I am perfectly satisfied—

Q. Certainly you are.—A. From the 5th to the 10th.

Q. That is just the reason I am asking you to say whether you would limit it. Now you have given us off one day, the 5th to the 10th.—A. Why I mentioned the 4th was Sunday. I was searching through the thing and found it since.

Q. No doubt we will come to that. Now, between Monday to what day of the week would be the 10th?—A. Monday the 5th, the 10th would be a Friday, would it not, or Saturday.

Q. Was it on the Friday, that payment out was made? I think you can get a little closer to it, that is the reason I am asking you these questions.—A. I have a pretty good memory, Mr. Watson, but I could not swear to the exact day.

Q. Was the payment out by cheque?—A. Yes, sir.

Q. One cheque or more?—A. Three.

Q. Three cheques. Who wrote out the cheques?—A. Mr. Holliday.

Q. The handwriting on all the cheques?—A. The three cheques.

Q. The three cheques?—A. Yes, sir.

Q. Where was he when he wrote them out?—A. In my office.

Q. That is the manager's office?—A. The manager's office of the People's Bank of Halifax.

Q. Was anyone else there than you and Mr. Holliday?—A. Not in the office.

Q. Three cheques were written out?—A. Yes, sir.

Q. How much each?—A. \$1,000 each.

Q. What was the date of the cheques? I asked you before the date of the payment out.—A. If I could give you the date of the payment I could give you the date of the cheques; they were paid out the same day.

Q. Were they paid out the same day?—A. Yes, sir.

Q. How do you know?—A. I got the cheques and went immediately and got the cash.

Q. Yourself?—A. Yes, sir.

Q. You got the cash from your paying teller?—A. No.

Q. Why not?—A. I went to three banks.

Q. What?—A. I went to three banks.

Q. The cheques were drawn on what bank?—A. That I cannot tell you.

Q. VanFelson, the account was kept in your bank?—A. Yes, sir, one of his accounts.

Q. Well, one of his accounts. And there was plenty of money there at that time, was there not, or how was that?—A. Well, I cannot say plenty.

Q. Well, was this money there?—A. No, sir.

Q. The proceeds of the cheques?—A. No, sir.

Q. Why not?—A. I would have to make an additional loan.

Q. You would have to—A. Make an additional loan to supply the \$3,000.

Q. You would have to?—A. Yes, sir.

Q. Then there was not enough money in your bank to meet the three cheques?—A. Not enough money to the credit of Mr. Holliday's account.

Q. That is what I mean. Of course, I do not know how much money there was in the People's Bank at that time.—A. We had enough.

Q. But we won't inquire into that.—A. It was not the Bank of Montreal, Mr. Watson.

Q. No, I see. But you recognize now that there was not enough money on that day to his credit or to his firm's credit in the Peoples Bank to answer the \$3,000, the three cheques?—A. Yes, sir.

Q. There was not. Now, that being so indicates that you have a very good memory, and you can no doubt give us the exact sum. Was it \$500, or how much, about?—A. What, sir?

Q. That was to the credit of the firm that day?—A. No, he was overdrawn.

Q. He was entirely overdrawn.

By Hon. Mr. Cassels:

Q. But the \$30,000 was coming in.—A. But this was previous, my lord.

Q. I understand that.—A. This money did not come out of the \$30,000.

By Mr. Watson:

Q. You have said that before. Then being overdrawn he was not in a position to be giving away much money evidently?—A. Well, he had other accounts, sir.

Q. Other bank accounts; but so far as your account was concerned?—A. You must understand, my lord, I could not swear under oath here whether the cheques were on the People's Bank of Halifax or on another bank unless I have a thorough look at the books.

Q. You have looked up the cheques since?—A. No. I looked up some of the cheques.

Q. Did you find these three cheques?—A. No, sir.

Q. Not one of them?—A. No, sir.

Q. Can you tell us where they are now?—A. No.

Q. Any idea where they are?—A. No. I wish they were here. It would be a very simple matter for me.

By Hon. Mr. Cassels:

Q. Were they drawn in the bank?—A. Certainly, my lord.

By Mr. Watson:

Q. Drawn in the bank?—A. In the bank on a bank.

Q. On what bank?—A. That is where I am in the dark.

By Hon. Mr. Cassels:

Q. He kept another account in the Hochelaga Bank?—A. Yes. I would not like to swear to it, but I think he had another account as well.

By Mr. Watson:

Q. Now, do you mean to say as a matter of recollection that you cannot tell on what bank those three cheques were drawn?—A. No, sir.

Q. Anyone of them?—A. No, sir.

Q. Was one of them drawn on your bank?—A. No, sir.

Q. Then why did you not come down a little bit?—A. Well, I had other reasons.

By Hon. Mr. Cassels:

Q. Why did you tell me a moment ago you could not swear whether they were drawn on the People's Bank?—A. I misunderstood your question, Mr. Watson. I must retract. I cannot swear whether they were drawn on the Peoples Bank, the Hochelaga Bank or any other bank.

By Mr. Watson:

Q. Then they may have been drawn on the People's Bank?—A. They may.

Q. And you may have paid them out yourself?—A. When they came in the clearing next day. But one thing I do distinctly remember is going to get the cash myself. I have reasons, Mr. Watson.

Q. Let me see if we understand each other. I think you said a little while ago that the account was overdrawn, and that is the reason why the cheques were on some other bank?—A. Unless we made a special entry, an extra loan.

Q. I know. But that does not carry us any further; there is the unless. Did you make a further advance?—A. That I could not tell unless I look at the book.

Q. No recollection?—A. No, sir.

Q. Then where did you get the money?—A. At three banks.

Q. Give us the first one you went to get the money from?—A. If I remember right the National Bank was one of them.

Q. The National Bank you went to get the money from?—A. Yes, sir.

Q. Now, wait for a moment. At that time between the 5th and 10th of June, who was the paying teller in the People's Bank?—A. If I remember right it was Mr. Louis Cassault.

Q. At that time who was the ledger keeper in your bank?—A. If I remember right it was Mr. McLellan.

Q. Where is he now?—A. Somewhere in the service of the Bank of Montreal. I don't know where Mr. Cassault is either.

Q. Now, did you discuss the matter with anyone of your staff that day?—A. No, sir, excepting one little instance.

Q. That day?—A. Yes, sir.

Q. What member of the staff?—A. The accountant.

Q. What is his name?—A. Mr. H. N. or H. H. Lawrence.

Q. Lawrence?—A. Yes, sir.

Q. What discussion did you have with him?—A. I had no discussion.

Q. I thought you had?—A. No. I said I hadn't a discussion, but I had a reference.

Q. What took place with him?—A. Well, the transaction seemed so peculiar to me.

Q. What did?—A. His paying out this money as it was paid.

Q. Yes. —A. That as the gentleman left my office—

Q. You mean Mr. Holliday?—A. No, sir.

Q. Some other gentleman?—A. Before I saw Mr. Holliday.

Q. Yes?—A. As he left the office it suddenly struck me, 25 years banking made me careful, that supposing he did not come back or this \$30,000 did not come, how was I going to get it back.

Q. How were you going to get what back?—A. This \$3,000.

Q. But you were advancing it, you were going to other banks to get it?—A. I went to get it to give to a certain gentleman.

Q. To give to a certain gentleman?—A. Yes.

Q. Are you referring to an official of the Marine Department?—A. Yes, sir.

Q. You are referring to him?—A. Yes, sir.

Q. What is the name of that gentleman to whom you are referring?—A. A Mr. Boudreau.

Q. Eh?—A. Mr. Boudreau.

Q. A Mr. Boudreau?—A. Yes, sir.

Q. You knew him at that time?—A. I knew him by sight.

Q. What?—A. I knew him by sight.

Q. You knew him by sight?—A. Yes, sir.

Q. How often had you seen him before?—A. Not often.

Q. How many times?—A. Two or three times.

Q. What?—A. Two or three times.

Q. When was the time next preceding that when you saw him?—A. In the afternoon.

Q. Of the—A. Same day.

Q. Then what is the hour that you are speaking of that he last left your office?—

A. That he last left the office?

Q. Yes.—A. Oh, it must be 2 or 3.

Q. Eh?—A. Between 2 and 3, the exact minute I could not say, somewhere in the vicinity.

Q. You spoke of a gentleman leaving your office?—A. Yes, sir.

Q. Which led you to go and have some reference with the accountant?—A. Yes, sir.

Q. What time was it that gentleman left your office?—A. In the morning.

Q. Oh, that was the morning. And the interview next preceding that was the afternoon before, was it? When was the interview next preceding that with Mr. Boudreau?—A. The first interview with Mr. Boudreau was in the morning.

Q. Yes?—A. The second one was in the afternoon.

Q. That is all right. Now, we are off from each other a little bit. Before that morning—A. Yes, sir.

Q. When had you last seen him previous to that?—A. I could not tell you the date.

Q. Within a month?—A. That I could not swear.

Q. Within a week?—A. To the best of my knowledge, Mr. Watson, I don't suppose previous to that visit I had seen Mr. Boudreau more than two or three times.

Q. You have said that before. That leads me to ask you—it is only reasonable I should ask you. I think—these matters in close detail, because we are informed that the official denies what you say?—A. I understand he has taken action against me.

Q. You understand that. Therefore I want accurate details if possible?—A. I am here to tell the truth.

Q. I am not suggesting anything about that at all, Mr. Van Felson. I want to know, therefore, if you can tell me, how long before that morning it was that you had last seen him? Of course, this is manifestly, and I do not want to mislead you, upon the subject of identity, and that is the reason I want to ask you. There is no mystery about it?—A. I had seen him on the Marine and Fisheries—

Q. I did not ask you where you had seen him. How long before that morning had you seen him?—A. Say inside a few months I had seen him.

Q. Where had you seen him?—A. Down at the Marine and Fisheries Department.

Q. In Quebec?—A. Yes, sir.

Q. Then what month was that, that would be March, about March or April?—A. I could not swear.

Q. That would be two or three months before June?—A. When I saw him there was no question of this came into my mind.

Q. I know. Did you have any talk with him at that time?—A. No, sir.

Q. No talk at all?—A. I never spoke to the man before he came to my office that morning.

Q. Then when you saw him in the Marine and Fisheries Department you did not know who he was, you did not know his name?—A. No. You know sometimes—

Q. Did you know his name when you saw him in the Marine and Fisheries Department two or three months before June?—A. Yes. I think he was pointed out to me as Mr. Boudreau.

Q. At that time?—A. Yes.

Q. Then you knew it in June, of course?—A. Naturally.

Q. Then when he was there that morning you knew his name?—A. Yes, sir.

Q. I see. I thought you said to me a few minutes ago you did not know his name at that time?—A. I did not say that, Mr. Watson.

Q. It is my mistake if you did not?—A. I did not say that.

Q. Then that morning in June when you saw him you knew his name?—A. I recognized him.

Q. And you knew his name?—A. Yes, sir.

Q. You knew he was Mr. Boudreau. Now, let me ask you once for all, have you ever said since you did not know his name that morning in June and when the money was paid over?—A. I don't think so, sir.

Q. Well, that would be a matter you would hardly forget, would you? The reason I ask you is I have been informed—A. When he came into the office?

Q. I am not—A. I recognized him right away.

Q. I am not asking you that at all. My question was, have you since then and within the last six months stated that when the money was paid over to him you did not know his name?—A. I may have said, Mr. Watson, that I forgot whether it was before or after that. When I went to visit Mr. Weeks on the *Arctic* I asked the gentleman there who he was. That is the way I learned who he was, and I could not swear, that is why I made reference to this gentleman, but since I have had time to refresh my memory, and I remember now distinctly recognizing the man in the office.

By Hon. Mr. Cassels:

Q. Is Mr. Boudreau in court?—A. Yes, sir.

Q. Point him out?—A. There he is there (indicating Mr. Boudreau).

Q. Is that the man you refer to?—A. Yes. This is about the sixth time I have seen him.

By Mr. Watson:

Q.—This is about the sixth time?—A. Yes, sir.

Q. So we carry it this far, two or three months before early in June you had seen him in the Marine Department, you knew his name then?—A. Yes.

Q. You had seen him before, how long before that?—A. That is—

Q. Did you know his name on the former occasion?—A. I knew his name on the occasion I asked Mr. Weeks who he was.

Q. I did not ask you that. Before the payments to him in June between the 5th and 10th you knew his name then?—A. Yes, sir.

Q. You knew his name two or three months before when you saw him in the department?—A. It may have been two or three months, it may have been a week.

Q. Did you know him before that time?—A. That I could not tell.

Q. No, we will get back, we have rather broken off the record, we will get back to the earlier part when this gentleman—you did not speak of him as Mr. Boudreau then—when this gentleman, Mr. Boudreau, was leaving your office you say you thought the circumstances were so peculiar you would do something?—A. Yes.

Q. What did you do?—A. I went to the accountant, who was probably ten to twenty feet from mine, his desk was ten or twenty feet from mine, and I said, 'See that gentleman going out, I want you to remark him well.'

Q. What?—A. 'I want you to remark him well.' He says, 'I know him well.'

Q. He said?—A. 'That is Mr. Boudreau.'

Q. He said?—A. Yes. I said, 'He is coming back this afternoon and I may have occasion later on to have to prove his visit to the office.' He says, 'Very well, sir.'

Q. Everything very very deliberate?—A. Giving \$3,000 without a receipt I had to be deliberate.

Q. Without a receipt? You had not given the money then?—A. I had not.

Q. Were you going to give it without receipt?—A. Mr. Holliday consented to give the money.

Q. I did not ask you that. At the time when he was in your office had you in your mind you were going to give him the money without a receipt?—A. Yes, sir.

Q. Then you knew there was something to conceal?—A. Yes, sir.

Q. You knew you were going to take part in a transaction not straightforward?—A. I was a go-between.

Q. Is that right?—A. I was a go-between.

Q. Is that right?—A. Yes, sir.

Q. That is right.—A. A bank manager has very often to do——

Q. You have answered the question.

Hon. Mr. CASSELS.—You had better speak for yourself and not for other bank managers.

Mr. WATSON.—Yes, that is the position. Now, he was there that morning, Mr. Boudreau, according to your statement, was there that morning?—A. Yes, sir.

Q. Now, let us revert for a moment and find out what time it was in the morning he came in, about what time? I mean to say was it at the opening of the bank or just before luncheon, or when?—A. Before lunch. It may have been ten o'clock, the exact hour I cannot tell you.

Q. What took place on that occasion?—A. Well, he came into the office, stated he was from the department in Ottawa——

Q. He stated?—A. He was from the department in Ottawa and he had come down to settle the Holliday account.

Q. Yes?—A. I answered, 'I am very well pleased and so will Mr. Holliday, he has been waiting a long while for this money. Mr. Holliday did not make much on it, he is losing. I hope you have the cheques.' He said, 'No.' I said, 'How are you going to settle it?' He said, 'There are certain little things to do first.' I said, 'What are those things?' He says 'A certain amount to be paid.'

Q. He said?—A. Yes, sir. I said, 'Well, this is a hold-up.'

Q. What?—A. 'This is a hold-up.'

Q. Yes?—A. I said, 'Why don't you go direct to Mr. Holliday?' He said, 'I cannot. It must be through a third party.'

Q. Must what?—A. 'Be through a third party, and my name must not appear.'

Q. Whose name?—A. His name.

Q. Yes?—A. If I remember right, Mr. Watson, I greeted him when he came into the office as Mr. Boudreau.

Q. What?—A. If my memory serves me right, and all I am telling you this afternoon is correct—

Q. Do not repeat that, you are under oath?—A. When he came in the office, if I remember right, I greeted him as Mr. Boudreau.

Q. But you started off a little while ago by telling me a man came in and said he was from the Marine Department?—A. Yes, without naming himself.

Q. That would hardly be consistent with the greeting?—A. He was the accountant or assistant accountant or something. Anyway I said, 'Well, what will it take?' He said, 'It is not for me to name the amount.' 'Well,' I said, 'To put the proposition before Mr. Gregory, I must know the amount required.'

By Senator Choquette:

Q. Mr. Holliday?—A. Mr. Holliday. I beg your pardon.

By Mr. Watson:

Q. Are you sure it was a mistake?—A. Oh, no, Mr. Gregory was not in it.

Q. Go on?—A. And I said, 'A thousand dollars?' He said, 'No, not enough,' '\$2,000?' 'No,' he says, 'You understand a transaction like that?—

Q. This was a regular auction business?—A. Oh, yes, hold-up. 'You understand, a transaction like that, that is going to be given to others?—

Q. Tell the conversation?—A. '—others have got to get some, and there should be something left for me.

Q. He said?—A. Or 'there will be nothing left for me if there is only \$2,000.'

Q. Yes, 'there will be nothing left for me if there is only \$2,000'? —A. Then I said, 'Surely not \$3,000?' He said, 'That will do.'

Q. That will do. That will leave \$1,000 for him?—A. Well, that is none of my affair.

Q. Now, you are a clean-cut, close business man?—A. I try to be.

Q. And under those circumstances, of course, you asked him at once, 'who is going to get the other two'?—A. No, sir.

Q. Why not, Mr. Van Felson?—A. I did not ask him.

Q. Why not? That would be the very first question that would occur to a man in your position, a banker?—A. None of my business.

Q. You did not ask him?—A. No.

Q. How many were to participate?—A. He did not say. He said, 'Those who are to get out of this—after those who are to get out of this what is to be got there will be nothing left for me.'

Q. Of course, you have in mind who the others were?—A. No, I am not acquainted with the officials of the department apart from Mr. Boudreau.

Q. Go on with the narrative?—A. I told him it was not my money, I would put his message to Mr. Holliday, who was at liberty to do as he liked. He said, 'I will come back.' I said, 'Where will I let you know, what hotel are you at?' He says, 'I am not registered. I arrived this morning and am going out this night or afternoon'—something like that—'I will come back this afternoon.'

Q. That is all that occurred in the morning, is it?—A. Yes, sir.

Q. Now, then, I think you said——?—A. That is all that occurred with me.

Q. Yes, in the morning. Now, I think you have said in your narrative you told him a couple of times, 'this is a hold-up'?—A. Yes, sir.

Q. Did you?—A. Yes, sir.

Q. Did you use that remark?—A. 'This is a hold-up, it is a shame.'

Q. This is a hold-up, it is a shame. Now, ordinarily under those circumstances the man who was seeking to hold you up would be kicked outside the door?—A. It was not my money he was seeking.

Q. Oh, not your money, I see. Well, at all events that was the way it was. And it was a reasonably pleasant interview apparently?—A. Apart from that aspect he acted like a gentleman.

Q. He acted like a gentleman?—A. I treated him as such.

Q. And you did too?—A. Yes.

Q. It was quite a gentleman's transaction?

By Hon. Mr. Cassels:

Q. Was there anything said about giving up the difference between \$125 a day, the contract price and the \$180 a day?—A. No, sir.

Q. That was just about half of the \$3,000?—A. No.

Q. That was not discussed?—A. No.

By Mr. Watson:

Q. Was the contract price discussed that morning?—A. No.

Q. That was later I think. Then after he left it was you spoke to the accountant?—A. Yes, as he was going out.

Q. You did not want to be alone in the hands of that kind of gentleman?—A. I felt if the \$30,000 did not come in time Mr. Holliday would ask me where the \$3,000 was gone to, and I wanted to be in a position to get after the man whom I would give it to.

Q. But did you know anything then of his financial position?—A. Whose.

Q. Mr. Boudreau's?—A. He told me he was accountant in the department.

Q. I see, that was enough. Then you sent, I understand, for Mr. Holliday?—A. Yes, sir.

Q. You had not spoken to him about it before?—A. No.

Q. Not on any occasion?—A. There was no question of it before. It was a surprise to him.

Q. Any chat before that there would have to be a little rake-off?—A. No.

Q. He spoke to you about that himself?—A. No, no.

Q. You knew from previous dealings with the department of that kind of thing going on?—A. No, sir. I knew of the 5 per cent to Mr. Gregory on loan, but nothing outside of that 5 per cent.

Q. You sent for Mr. Holliday?—A. Yes, sir.

Q. Did he come right away in the afternoon?—A. In the morning.

Q. The same morning?—A. He came right over.

Q. Responded at once?—A. It might have been a few minutes.

Q. What occurred between you and him?—A. I gave him the message.

Q. What occurred?—A. He was indignant. He got up and said it was a shame, —and finally he sat down, got thinking over the thing, 'Well, I suppose if I don't he had already lost money, was losing interest, it was a hold-up—my words pretty near give it I will have to wait longer.' And when it came to the matter of going the thing I said, 'Well, a transaction like this ought to be done very carefully—'

Q. Yes.—A. 'And if possible leave no trace.'

Q. Yes.—A. I am telling the truth, I have got to come out with all. And he made three cheques to bearer.

Q. Wait.—A. He consented.

Q. Wait. There ought not to be any trace, any tracks left behind?—A. We could not pick up \$3,000 on the street.

Q. You said there ought not to be any tracks left?—A. Yes.

Q. Then he suggested cheques?—A. The cheques had to be made.

Q. Who suggested three cheques?—A. He had to make the cheques.

Q. Who suggested writing three cheques?—A. I may have suggested to him to divide it up in three amounts.

Q. Your suggestion then?—A. I may have suggested that.

Q. That was for the purpose of cover?—A. Cheques to bearer.

Q. I see, so as to prevent any identity of the business?—A. Yes.

Q. Well, you had gone about in this way. Did he write the cheques out then?—

A. He wrote out three cheques on my desk.

Q. \$1,000 each?—A. Yes, sir.

Q. Signed Holliday Brothers?—A. Yes, sir. They may have been signed James Holliday. As far as I remember they were signed Halliday Brothers.

Q. What else did you say or he say?—A. Well, I told him, I said, 'I will get this money from three different banks.'

Q. You told him you would?—A. Yes. I said, 'I won't take our bills.'

Q. You would get it from three different banks. And you of course had to endorse the cheques in order to get the money?—A. No, sir, they were to bearer.

Q. You put your name to them?—A. No, sir, I did not.

Q. Did the banks give them?—A. They knew me well, I only had to hand them in and get cash.

Q. So you assumed personal responsibility in getting that from the banks?—

A. I knew the cheques were good.

Q. You told them that?—A. No. I just handed them the cheques and asked for large bills, and I got them. Between managers we trust one another.

Q. Tell me the man you got the first thousand dollars from?—A. The Banque Nationale.

Q. What was the man's name?—A. I could not remember the teller's name.

By Hon. Mr. Cassels:

Q. Did you go to the manager of the bank?—A. No, I went direct to the teller. I might have gone to the accountant, but I think I went direct to the teller.

Mr. WATSON.—Do you know if they had an account with Holliday Brothers?

Hon. Mr. CASSELS.—I understand the witness went to banks where Mr. Holliday did not have accounts?—A. Yes. I went to banks whereto the best of my recollection he did not have accounts.

Q. That was to cover it up, that was all.

By Mr. Watson:

Q. That was to that one bank, the Banque Nationale?—A. Yes.

Q. Where did you go next?—A. If I remember it was the Quebec Bank.

Q. And where for the third?—A. I think it was the Montreal Bank.

Q. And you got them from the tellers, the then paying tellers in each bank?—

A. I asked for large bills to make a small parcel.

Q. You took them back. What next occurred after that?—A. I put them in my drawer and waited.

Q. What next occurred?—A. In the afternoon the gentleman came back.

Q. Why do you say the 'gentleman' came back?—A. Well, Mr. Boudreau.

Hon. Mr. CASSELS.—His idea of a gentleman.

By Mr. Watson:

Q. Mr. Boudreau came back?—A. Mr. Boudreau came back.

Q. And what took place?—A. I told him Mr. Holliday had consented.

Q. Yes?—A. I handed him the money, he said, 'You understand there is no receipt in this,' he says, 'You understand I can give no receipt.' I said, 'I understand that.' As he put the envelope in his pocket I said, 'You do not count it?'

Q. Who put the money in the envelope?—A. As he put the envelope or parcel with the money in his pocket.

Q. You had placed it in the envelope?—A. The envelope or parcel. I handed it to him. I said 'You do not count it?' as he put it in his pocket. He said, 'I guess it is all right, it is not necessary.' That is the last I saw of him.

Q. That is the last you saw of him?—A. Yes, sir.

Q. It ended there. Who was the gentleman to whom that money was handed?—

A. Mr. J. B., or something like that, Mr. Boudreau. I don't know his initials exactly.

Q. Is there any question about the identity of Mr. Boudreau?—A. No, sir.

Q. Eh?—A. No, sir.

Q. There is not, eh?—A. And my accountant will bear me out.

Q. Mr. Holliday in his evidence statetd one or two things which would indicate that since then and quite recently you have been in doubt. Did you hear his evidence?—A. Yes, sir.

Q. That you had stated to him, made statements to him which would lead to the conclusion that you were in doubt?—A. Oh, no.

Q. Eh?—A. Oh, no.

Q. You do not think so?—A. Oh, no.

Q. Did you make any such statement to him?—A. No, not to Mr. Holliday.

Q. Did you make any statements to him that if Mr. Boudreau, if it could be shown you were mistaken you would apologize to him?—A. Why, sure, I would be the first one to do it.

Q. You said that?—A. A man——

Q. Then did you think it possible you might be mistaken?—A. No, sir, I did not make a mistake.

Q. Eh?—A. No, sir, I did not make a mistake.

Q. But apparently, according to his evidence, you did not tell him then that you had made a mistake?—A. Oh, yes, I did.

Q. But I am speaking from his evidence?—A. Oh, no.

Q. That is what you say?—A. I was attacked.

Q. Now, you were a pretty easy mark for the \$3,000?—A. It was not my money. They would not have got mine.

Q. I see. You were just a banker?—A. Yes, sir, I was then.

Q. Bankers deal with other people's money?—A. That is what they are paid for.

Q. Oh, I see. Well then, did you see him again that day?—A. Oh, no, sir.

Q. Did you speak to the accountant again about it that day?—A. I could not remember, sir.

Q. You could not remember, I see?—A. No, I could not remember.

Q. When did you next see Mr. Boudreau after that?—A. I don't think I saw Mr. Boudreau until I saw him—well, I might have seen him occasionally in passing through the department or something, but to speak to him I only saw him after the investigation.

By Hon. Mr. Cassels:

Q. Was it because the money was to be divided among three that he got three cheques?—A. No, sir, it was to—oh, that I don't know why the three cheques were made. It may be so as to be able to get large bills.

Q. What made you take his statement he was going to give something to others? You were not so green as to accept a statement like that. He might pocket all himself for all you know?—A. That is why I went to the accountant when he came in to identify the man.

By Mr. Watson:

Q. But you were being held up by a man in your own bank and calling for assistance or identification from others, wanting help?—A. I did this without his knowledge.

Q. Yes, without his knowledge. And yet you knew he was getting it for himself and others according to the statement?—A. Yes, sir.

Q. You might have asked for a receipt from the others, anyway?—A. They were not there.

Q. Oh, I see, that did not occur to you about a receipt from others?—A. He was the only man.

Q. The others would have as good a claim as he?—A. It was for him to get a receipt from them.

Q. Tell me, Mr. VanFelson, did you think for one moment that the payment of that account by the government could possibly depend upon giving that man \$3,000? Just answer that as a business man, please?—A. Well, sir, the account had been held back for months.

Q. I want an answer. Did you then have in your mind that the payment of that account could possibly depend upon giving that man a bribe of \$3,000?—A. Sure, sir, since it was given.

Q. You then believed you would not get the money from the department unless you paid that \$3,000?—A. That is what I was led to believe by the request.

Q. Led to believe?—A. By the request.

Q. You are not easily led to believe anything?—A. I took the message for my customer.

Q. From the customer?—A. For the customer, and he decided what he had to do.

Q. You knew of course if that was an honest account the government would pay it without question, did you not?—A. That did not enter my head at all.

Q. That did not enter your head at all, why, you knew the department could not possibly refuse to pay an honest account?—A. Well, Mr. Watson—

Q. Did you not have that in mind?—A. They could not refuse to pay, but they could delay.

Q. Why could they delay?—A. There was delay of nearly a year already.

Q. All you would have to do would be to write to the Minister about it?—A. For nearly nine months we did write the Minister a number of letters and no satisfaction.

Q. There is one in the file and an answer to that letter?—A. Yes, sir.

Q. The reason I ask you this is that I should think it must have been present in your mind at that time that there was something dishonest in the account. How else can you put one and one together and make two out of it?—A. No, sir.

Q. Mr. VanFelson, do yourself credit?—A. Mr. Watson, I cannot.

Q. Just as a reasoning business man?—A. No, sir.

Q. No, sir, that is what you say. Would you think the necessary inference is that you were paying the \$3,000 because you had some knowledge that there was something wrong in the account and that was an easy way to get more than should be paid?—A. No, sir. The account had been settled, the amount of the account had been decided on.

Q. That is what you say at all events.

By Hon. Mr. Cassels:

Q. Mr. VanFelson?—A. Yes, my lord.

Q. It might be an imputation might be made that you got this \$3,000 and put it in your own pocket?—A. There was that.

Q. I am just leading up to that. You are a very shrewd, keen business man. I should think the first thing you would do under these circumstances would be to go to the Banque Nationale, the Quebec Bank and the Bank of Montreal and get corroboration from the different tellers and the accountants. Have you done that?—A. No, sir. But I think the tellers have been changed around.

Q. You could easily find where they are?—A. There is one of them, the Bank of Montreal teller is there now.

Q. Have you taken the trouble to procure evidence to shield yourself, to protect yourself from anyone saying you stole that money yourself?—A. No, sir. I have not.

Q. Can you assist us in finding the accounts with the three banks between the 4th and 10th?—A. I do not remember the teller of the Nationale.

Q. Can you assist us in getting that?—A. In the Quebec Bank I think Charlie—

Q. I merely ask you if you can assist us in getting that information. It will be very material to us?—A. I understand that; and the teller—

Q. Will you answer my question. Are you willing to get that information from the tellers and the accountants of the banks?—A. To the best of my ability, my lord.

By Mr. Watson:

Q. Have you got your own bank book here?—A. No, sir.

Q. The reason I ask you this is because you are aware the statements you make are absolutely denied?—A. I understand that, sir.

Q. I would ask you to be good enough to show your own bank book to see whether there is any entry in that at the time?—A. My own personal bank account?

Q. Yes?—A. I have not.

Q. Does the sum of \$3,000 appear there in your own bank book?—A. No, sir.

Q. You smile. Have you looked lately to see?—A. I don't have \$3,000 in my credit very often.

Q. Have you looked lately to see?—A. No, sir.

Q. Have you got that bank book?—A. No, sir.

Q. Where is it?—A. I have always—

Q. Where is that bank book?—A. I have not got it, none of my bank books, I never kept them.

Q. Where is it?—A. I destroyed it I know. I never kept my bank book, cheques or stubs.

Q. Where did you keep your personal account?—A. At the bank where I was employed. That can be referred to if you wish.

Q. Certainly it can, that is right. That is the Peoples bank?—A. Yes, sir; and I would prefer the bank ledger should be produced.

Q. And that ledger is no doubt now in the Bank of Montreal?—A. Yes. My lord, sometime ago I went to the Bank of Montreal and asked them to allow me to refer to these books, and I was refused, so I went no further.

Q. You were refused?—A. I was refused and went no further. I went with Mr. Holliday one time.

Q. Did you go to look at your own?—A. No.

Q. Of course you would be refused unless you had the consent of the customer, you knew that?—A. I did not want to refer to the Bank of Montreal books, but those of the Peoples Bank, of which I was manager. They allowed me with Mr. Holliday.

Q. That was a banking rule; you were familiar with that yourself?—A. So I did not go back, but I told the manager, 'I will have to subpoena you with the books.' He said, 'All right.'

Q. Now, the giving of the \$3,000, the first thousand was from the Banque Nationale?—A. I say the first bank may have been the Banque Nationale.

Q. That is all right. Take the Banque Nationale, how many bills were there?—A. If they were \$100 bills there would be ten.

Q. I know. If only one dollar bills there would be a great many more?—A. One thousand.

Q. Leave out the if?—A. There were large bills, over twenty any way.

Q. And the same with the other banks?—A. Yes, sir.

Q. Quite sure about that?—A. Yes, sir, large bills.

Q. Now, I understand you are quite certain and sure about these statements?—A. Yes, sir.

Q. And does it make any difference at all to your recollection and to your statements, or will it make any difference at all to your recollection and to your statements if it turns out that Mr. Boudreau positively denies that?—A. Well, I will have—

Q. Will that make any difference?—A. In my statement?

Q. Yes?—A. Not an item, or a particle. I am not here to perjure myself. I have been threatened—

Q. Now, you have spoken of that transaction being put through—

Senator CHOQUETTE.—I would like the witness to finish his answer.

Hon. Mr. CASSELS.—Certainly.

The WITNESS.—I have been threatened several times since the investigation in Quebec.

By Mr. Watson:

Q. By whom? I would like to know the name, please?—A. Will I speak, counsel?

Senator CHOQUETTE.—There is the name of a lawyer, at least, a party bringing a gentleman before a lawyer. He may tell what the gentleman did, but I do not want him to disclose the lawyer's name.

By Mr. Watson:

Q. Have you been threatened by any official of the department?—A. Yes. I have an action of \$10,000 taken against me by Mr. Boudreau. That is a threat.

Q. That is a legal action?—A. I got a letter from his lawyer that if I did not retract I would be sued for \$10,000. I took no notice of it, and then the action came.

Q. Is that what you refer to as a threat?—A. And I was threatened verbally.

Q. By an official?—A. By Mr. Boudreau.

Q. By Mr. Boudreau?—A. Yes, sir.

Q. Then he is the official of the department. I would like to know what threat he made?—A. Yes, sir. The first time I saw Mr. Boudreau after this payment to him, the first time I saw him to speak to him.

Q. When was it?—A. It was a few days after the investigation, at Senator Choquette's house.

Q. Yes.—A. I feel considerably——

Q. A few days after the investigation?—A. A few days after the investigation. The exact days I would not remember.

Q. That is at Quebec?—A. Yes, sir.

Q. What was the threat?—A. I received a telephone message——

Q. Mr. VanFelson, we do not want to take up too long with these details. My question was, what threat did this official make?—A. That is what I am coming to.

Q. Just come to it now.—A. I would like to tell it my way.

Q. Certainly. I mean leave out the other part.—A. I was telling you how I was called by phone.

Q. That is all right. What was the threat?—A. I was told Mr. Boudreau was there and I went. Coming into the room I recognized him and said, 'How do you do?' I said, 'That is my man.'

Q. You said?—A. Yes.

Q. That is your man?—A. That is my man.

Q. You were able to spot him then?—A. Right away.

Q. So you were glad you were able then to identify him?—A. Yes, and before a witness.

Q. I see, glad at that time you were able to identify him. Up to that time you were not quite sure?—A. Oh yes, I was sure, but that corroborated me.

Q. You needed corroboration?—A. Oh, no.

Q. You liked to get it?—A. No, no.

Senator CHOQUETTE.—My lord, I think Mr. Watson is doing the trial of the witness an injury. I think he ought to have the facts and not push motives too far.

WITNESS.—I mentioned that fact, my lord, because I had not seen the man for some time.

By Hon. Mr. Cassels:

Q. Is your accountant here?—A. No sir, in Montreal.

Q. Has Mr. Boudreau been in your bank on any other business of any kind except this case?—A. I never remember seeing him in the bank.

Q. Is the accountant in Montreal?—A. H. H. Lawrence. He has his name already. I will give you his address if you like.

Mr. WATSON.—I was asking you, and you will understand and Senator Choquette should understand, too, the reason for my questions was that you spoke as being pleased to be able to identify him.—A. To be able to confirm.

Q. I thought that naturally led to the question. Then what threat was it he made—A. He says, 'You pretend I received a certain amount from you.' I said 'Mr. Boudreau, if you will allow me I will mention the facts.' When I got through he called me all the liars he could. I said, 'Hold on, let me finish,' and when I finished he said, 'You are one of the worst scoundrel liars I ever saw.' I said, 'Mr. Boudreau, you are in a gentleman's house. If you were outside I would make you take that back.' He said, 'I am ready to go outside.' Anyway, Mr. Choquette said, 'Mr. Boudreau, kindly calm yourself.'

Q. Yes.—A. When he saw I was not of the scary kind he turned round and said, 'You took the money, I will prove where you put it.'

Q. You yourself did?—A. Yes, that I took the money, I got the money. I said, 'If I got the money I want you to prove where I put it.' And the gentleman that was there was Mr. Choquette, and he can corroborate that. I said, 'If you can prove I gave it to somebody else, naturally I will apologize.'

Q. Oh, yes, naturally you would apologize. That was very gentlemanly.—A. But I was sure of him. Then I said to Mr. Choquette, 'If Mr. Boudreau proves where it is gone it will corroborate my story.'

Q. Was that the threat you referred to?—A. Yes. He said he would make me, oh, do all sorts of things. Anyway I left and I retained Mr. Choquette. Then I got other threats.

Q. Other threats?—A. Yes, sir.

Q. From Mr. Boudreau?—A. No, sir.

Q. We are dealing only with officials as I understand it.

By Mr. Cassels:

Q. On Mr. Boudreau's behalf?—A. On Mr. Boudreau's behalf.

Q. By his lawyer?—A. I would like to give my answer, my lord, to these threats.

Q. To which?—A. To one of these threats.

Q. Is it a pleasant one to listen to?—A. No, but I want to show I am telling the truth.

Q. Show it?—A. One of these gentlemen told me if I did not be careful I would go to gaol. My answer, my lord, was—he said, 'You had better think of your children.' I said, 'My children will not be disgraced if I go to gaol for telling the truth, but they will be if I perjure myself.' That was my answer.

Q. It just depends on what charge you go to gaol on?—A. That can be inferred.

Q. I am only taking your statement. I think if you will keep yourself to the facts and not dilate it will shorten matters.

Mr. WATSON.—The gentleman who made that remark was not an official as I understand?—A. Yes, I answered that to Mr. Boudreau and then to another as well, two others.

Q. Was that other gentleman of the Marine and Fisheries Department?—A. No.

Mr. WATSON.—Then, my lord, it is not for us to inquire.

WITNESS.—But he got that answer too.

Q. That is all right. Now then, I want to put the facts before you for your consideration. As we adjourned over luncheon, I think you heard I asked the officials of the department who are here to get a record of the attendance of the officials and of Mr. Boudreau?—A. Yes, sir.

Q. Here in his office?—A. Yes, sir.

Q. During that month of June, 1905?—A. Yes, sir.

Q. You think you heard me ask for it?—A. Yes, sir.

Q. Now then, since then I have been furnished with this statement for June, 1905. What I have is a copy, not the original, but I assume it can be verified from the original books of the department. This shows that Mr. Boudreau was here in his office in Ottawa, on the 5th, 6th, 7th, 8th, 9th and 10th of June, 1905. Does that affect your recollection and evidence if that statement is correct?—A. Well, he might not have been there the 11th and 12th.

Q. I asked you, you said between the 5th and 10th?—A. I said, Mr. Watson, if I could remember right, and you wanted me to swear to a fixed day. I said I cannot swear to a fixed day, Sunday I know was the 4th.

By Senator Choquette:

Q. Was he absent the same day?—A. I will have Mr. Lawrence to swear he was in my office one of my days. Probably Mr. Lawrence can swear to the day.

Mr. WATSON.—You see, Mr. Van Felson, I am just calling your attention to the circumstance, and I asked you in connection with that whether it affects your recollection and evidence?—A. To the best of my recollection I said he was in my office between the 4th and 12th.

Q. No, the 4th and 10th, at first, then you said the 5th and 10th?—A. Well, it is sure between the 5th and 17th, because the payment was made on the 17th, no notes were taken.

Q. At all events you are perfectly firm and distinct in the evidence that you have given?—A. Yes. I am under oath.

Q. Now, did you hear the evidence of Mr. Holliday—this will have to be verified in the proper way, this extract.

Senator CHOQUETTE.—Will you let me see it?

Mr. WATSON.—Certainly. (Hands extract to the Senator.)

Q. Did you hear the evidence of Mr. Holliday at Quebec?—A. Part of it. I was not all the time in court.

Q. I think I covered the ground pretty fully in the questions I asked him and endeavoured to bring out all the facts?—A. I did not hear.

Q. I seem not to have brought out these facts, but on that occasion Mr. Holliday certainly stated he had no knowledge or information in respect to any payment to any official?—A. Mr. Holliday, to my knowledge—

Q. Did you hear him make that statement?—A. He said he could not remember. That is all I heard him say.

Q. He could not remember?—A. He could not remember.

Q. Now, you were there, you knew the facts. Why did you not assist and give us information there?—A. I was not subpoenaed, it was not my business.

Q. Eh?—A. I was not subpoenaed, it was not my business.

Q. Why did you not give my learned friend Mr. Perron and me the information which was evidently material at that time, or give it to his lordship?—A. Well, sir, I was asked to keep out of court.

Q. You were asked to keep out of court?—A. Yes, sir.

Q. Were you asked by any official of the department to keep out of court?—A. No, sir.

Q. Were you asked by Mr. Holliday to keep out of court?—A. Yes, sir.

Q. By Mr. Holliday?—A. Yes, sir.

Q. Indeed. When do you say that took place?—A. That took place, if I remember right, it was the day Mr. Gregory gave his evidence.

Q. You say Mr. Holliday asked you to keep out of court?—A. Yes. May I mention the facts that led to it?

Q. Yes, certainly?—A. Mr. Holliday telephoned to me and we went to the Bank of Montreal to try and trace this entry. He told me his memory was not very good, and he would like to be refreshed on the matter to try and get some proof, as he was anxious to get up to court, and I wanted to be up too, to be near Mr. Gregory. We left the thing there, and as we walked up the hill he said, 'Now, as we have no proofs of that, it will be better not to come up. We had better go and see the Hon. Mr. Taschereau.'

Q. Well?—A. I want to give the facts. If I am not allowed to, I will not speak.

Q. You can speak what you think is necessary?—A. We went to Mr. Taschereau's. I went at Mr. Holliday's request, and I was told to keep out of court, I would not be put in the witness box.

By Hon. Mr. Cassels:

Q. Who advised you that?—A. The Hon. Mr. Taschereau. Mr. Holliday was present; we went together. It was after that that Mr. Holliday went, and I went to lunch at his house at his request. Then Mr. Holliday asked me to communicate with Mr. Gregory to keep me out of court, because I knew Mr. Gregory wanted to bring me in to prove his bank book and the overdraft at certain times was so much, and we charged him interest.

By Mr. Watson:

Q. Did you know?—A. I wrote to Senator Choquette a little note. As I left the house I heard Mr. Gregory was going to be examined, and I wrote a note to Senator Choquette, 'If wanted, I shall be in court, and not to bring me up as a witness. I could not help Mr. Gregory.' Mr. Choquette got another message besides that.

Q. Did you know that the answers and evidence given by Mr. Holliday on that occasion could not lead to your being called, or would not in the ordinary course lead to your being called as a witness, did you know that?—A. Oh, I was prepared if I was called to tell the truth.

Q. I am not asking you that. Did you know that was the condition of affairs?—A. Oh, yes.

Q. And yet, knowing that and knowing these facts and that this investigation was proceeding, you did not see fit to give my learned friend Mr. Perron or me the information, at least you did not do it?—A. Mr. Watson, I had been told unless I could produce written evidence that I would be jailed, &c., &c., and I said, 'Well, since you want to keep me away, all right, but if I go to court I have got to speak if I get my way.'

By Mr. Laflamme:

Q. Mr. VanFelson, you referred to a gentleman by the name of Weeks?—A. Yes.

Q. Who is he?—A. I think he was the purser then on the *Arctic*.

Q. On the *Arctic*?—A. I think he is purser on the *Arctic* now as well.

Q. That is the gentleman from whom you inquired who Mr. Boudreau was?—A. Yes, sir.

Q. Now, where was that?—A. That must have been down on the wharf or on the steamer.

Q. They were then loading the *Arctic*?—A. Yes. If I remember right yes, that was at the time I got it, they were loading the *Arctic*, she was loading for the North Pole.

Q. It was during the same summer, the summer of 1905?—A. That I cannot swear to, Mr. Laflamme, in 1904 or 1905. I said to Mr. Watson I was sure I knew of his name before and I thought that was the circumstance.

Q. Is it not more likely it happened in 1905?—A. That I cannot swear to.

Q. Do you know whether the *Arctic* was loaded twice during two succeeding seasons at Quebec?—A. No. I think she left one season and returned the next.

Q. Only loaded once?—A. No, she made two trips I think.

Q. Two trips. Did she load on two successive seasons?—A. That I could not tell you, not being in the department this thing did not—

Q. Mr. VanFelson, it could not have been in 1904, because what interest would you at that time have to inquire of Mr. Weeks who that gentleman was?—A. Because he was checking goods, and I asked him who he was.

Q. That would be all?—A. Yes. I said, 'Who is that gentleman?'

Q. Is it not more likely you were more interested to find out who he was in the summer of 1905 as being the man who received the \$3,000 from you?—A. Well, naturally, if it was after.

Q. That is it. So it is more likely that this inquiry of yours from Mr. Weeks took place in the summer of 1905?—A. That I would not swear to.

Q. It is more likely?—A. If she loaded that summer it would be that summer.

Q. That is it. And if it was on that occasion it would be subsequent to the occasion upon which you paid him the \$3,000?—A. Well, yes, because I am prepared to tell the truth.

Q. And therefore if subsequent and you saw fit to ask Mr. Weeks who the gentleman was, you did not know before?—A. I know when he came in.

Q. Why did you ask Mr. Weeks?—A. Well, Mr. Laflamme, I said I asked Mr. Weeks I thought before, I could not exactly fix the date.

Q. But I say under the assumption that it was the summer of 1905, you say it is more likely, why did you ask Mr. Weeks who the gentleman was?—A. I did not say more likely; it may be.

Q. But if it is, why ask Mr. Weeks?—A. Oh, Mr. Laflamme, if it was after that there was no necessity to ask Mr. Weeks who he was.

Q. Therefore there was no necessity. And if it was on that occasion, that is, 1905, that you made the inquiry, you have no reason to give the court to-day as to why you asked Mr. Weeks who he was?—A. Unless I asked Mr. Weeks if it was to make—

Q. Doubly sure?—A. Doubly sure.

Q. That is to say, carrying out the same purpose you had in view when you called Mr. Lawrence's attention to the fact that the gentleman was in the bank?—A. Yes.

Q. Preparing your case?—A. Oh, no. This was never dreamed of, this investigation was never dreamed of.

Q. Did you know prior to June, 1905, that the Holliday account had been sent to the department?—A. Yes, sir.

Q. And you also knew that it had been passed and approved?—A. Yes, sir.

Q. Yes. And you were aware of the amount for which the account had been approved?—A. Yes, sir, sure, because I made inquiries.

Q. Now, when did you ascertain that the account had been passed, how long prior to the month of June, 1905?—A. Oh, that I could not swear, Mr. Laflamme.

Q. It was sometime before?—A. Yes, I could not fix the date. The power of attorney which the department has a copy of will show that.

Q. At all events it was prior to the 4th of July, 1905, because on that date you wrote Mr. Gourdeau to find out when the money would come in?—A. The 4th of July, 1905?

Q. The 4th of February, 1905?—A. Oh, the 4th of February, 1905?

Q. Yes?—A. Sure, Mr. Holliday was in England then asking for money.

Q. And therefore you anticipated no obstacles in the way of a settlement of that account?—A. No, once approved of.

Q. No.?—A. Excepting delay.

Q. And you know of no obstacles at the present time that interfered with the settlement of that account?—A. Excepting delay.

Q. And you had no reason at that time to explain why settlement was delayed?—A. No, sir.

Q. But you had received on the 6th of February, a letter from Mr. Gourdeau in which he said the money would probably be forthcoming inside 30 days?—A. Yes; but it did not, it came in the middle of June. I think I wrote twice to the department.

Q. Now, Mr. VanFelson, if it be correct to assume that it was in the summer of 1905, that you inquired from Mr. Weeks who the gentleman was who was attending to the checking of the goods on board the *Arctic*, then it would be right also to assume that you had not seen Mr. Boudreau before he came in the bank in the month of June?—A. Oh, yes. I said to Mr. Watson I had seen him at the department once or twice, but on no occasion I had asked Mr. Weeks to make sure who he was.

Q. But when you saw him in the department was it before June, 1905?—A. When did I see him?

Q. When you saw him in the department was it before June, 1905?—A. Yes, once or twice.

Q. Now, what interest had you to inquire who the gentleman was?—A. Well, seeing a man in the office, no more interested than curiosity, maybe.

Q. Curiosity. Now, is he the only unknown gentleman in the department of Marine and Fisheries concerning whom you inquired?—A. No, Mr. Laflamme. You walk along the street with a gentleman and you ask, 'Who is that?'

Q. I am asking you a plain question. Is he the only man you inquired about?—A. I may have inquired about others, not in the same way, not on the same occasion. Circumstances change things.

Q. Now, Mr. VanFelson, if you had no reason to believe there were obstacles in the way of settlement of that account in the early part of June, 1905, I suppose when this request was made for a collateral payment it disturbed you a great deal, did it not?—A. When the request for the money was made?

Q. Yes?—A. Well, naturally it did.

Q. Very much so?—A. Of course, I was surprised.

Q. You have used the word 'hold-up'?—A. Yes.

Q. You assumed it was a hold-up of the bank at the same time as of Mr. Holliday?—A. No, not a hold-up of the bank.

Q. Why not?—A. We were getting interest on the money.

Q. But the interests of Mr. Holliday and of the bank were common in regard to that?—A. Yes, sir.

Q. And therefore the holding up of payment of this account unless a sum of \$3,000 was paid was detrimental to the bank as much as to Mr. Holliday?—A. Not detrimental to the bank, only keeping us out of funds.

Q. Yes. Did you know at that time when he came in what his position was then with the department?—A. Mr. Boudreau?

Q. Yes?—A. He said he was in the accountants department.

Q. You did not know before?—A. Well, I knew—I did not know what position he actually filled unless it was after I say I saw Mr. Weeks. He mentioned himself he was in the accountant's department. He had to give some reason for getting the money.

Q. Did he tell you whether he came on his own accord or on instructions?—A. No. He said he came to settle the affair.

Q. Did you ask him who sent him?—A. No, sir. I asked him to settle.

Q. Did you ask him why he was insisting upon this sum of \$3,000 before the account was settled?—A. No, sir.

Q. Have you related, in answer to my learned friend Mr. Watson, the full story of what was said by Mr. Boudreau, if that was Mr. Boudreau, and by yourself on the first occasion in the forenoon?—A. Yes, sir, as far as I can remember.

Q. Nothing else?—A. It is a good while ago. I may have left out some little things.

Q. Mr. VanFelson—A. To the best of my knowledge—

Q. Mr. VanFelson, you are a nephew of Mr. Gregory?—A. Yes, sir.

Q. And you were then on friendly terms with Mr. Gregory?—A. Yes, always have been.

Q. You had no reason to believe that Mr. Boudreau could have any control whatever upon the settlement of that account?—A. The moment he said he was from the accountant's department and come to settle the affair I asked him for the settlement.

Q. Did you believe that the accountant's office of the Department of Marine and Fisheries would despatch an official to settle that claim under those conditions?—A. He came in with that story.

Q. Did you believe it?—A. I may have believed it.

Q. Did you or did you not?—A. I did believe it. If I did not believe it I would not have given the message to Mr. Holliday.

Q. You did. Now was it the first time in your business experience of a hold-up of this nature?—A. Of that kind, yes, sir.

Q. Very well. You knew at the time that Mr. Gregory was thoroughly conversant with all the Holliday contract and the carrying out of this contract?—A. Yes, sir.

Q. He also knew that this account had been passed?—A. Who.

Q. Mr. Gregory.—A. Yes, he must have.

Q. Very well. Now, instead of allowing yourself to be held up so meekly, when this man went out of the bank why did you not take the 'phone and 'phone Mr. Gregory to find out?—A. He brought me a message, I gave the message to Mr. Holliday, and as he said his name was not to appear I judged from that it was a transaction nobody should now about but Mr. Holliday and himself. I was an intermediary.

Q. Wait a minute. Did you think for a moment or half a moment of 'phoning your uncle?—A. No, sir.

Q. You did not?—A. Mr. Gregory knew nothing about it, until a good while, well a good while, probably a few weeks or months after.

Q. Well, why did you not inquire from him whether you would be justified under those circumstances to allow yourself to be held up by a person representing himself to be despatched by the accountant's office?—A. I thought my duty was to call up Mr. Holliday and put the message before him, and whatever he decided to do, well, it was not my money.

Q. You have no other answer?—A. No, sir.

Q. What time was it when the man left the office in the forenoon?—A. I cannot go on minutes, but I had time before lunch to see Mr. Holliday.

Q. Oh, about what time was it? You remember the fact that you called Mr. Lawrence's attention to the man.—A. It may have been ten, a little after ten. I cannot exactly remember to give you the minute. That is three years and a half ago, three years, yes, three years and a half ago.

Q. Why did you not tell the man to wait—A. He said—

Q. Wait a minute. Why did you not tell the man to wait if you wanted outside proof and 'phoned Mr. Holliday to come down?—A. He said he did not want to deal with Mr. Holliday direct. I said that to Mr. Watson.

Q. That is true. Why not 'phone to Mr. Holliday for him?—A. No.

Q. Did you suggest you should 'phone to Mr. Holliday for him?—A. No. I suggested to Mr. Boudreau to go himself. I told that to Mr. Watson. He said, 'No, I have got to go through a third party and my name must not appear.'

Q. Did you tell Mr. Boudreau where Mr. Holliday resided—A. He knew as well as I did.

Q. How do you know?—A. He must have.

Q. How do you know?—A. I suppose. Maybe he did not, he may not.

Q. He did not?—A. But the moment he told me he did not want to go to Mr. Holliday there was no more need of my giving his address.

Q. But why did you not keep Mr. Boudreau in the bank?—A. He would not stay. He went out. He said he would come back. I did not ask him to stay.

Q. It was after he went at all events—A. Sure.

Q. Wait a minute. Do not answer before you know what the question is going to be. It was after he left that you phoned Mr. Holliday?—A. Yes, sir.

Q. Why did you not 'phone in Mr. Boudreau's presence?—A. Because Mr. Boudreau did not want me to.

Q. He did not want even to hear the 'phone?—A. Even if I had, the 'phone was not in my office, I had to go to the back, he might not have heard me.

Q. What time did Mr. Holliday come into the bank in response to your call?—A. Some time before lunch.

Q. The bank wanted money at the time very badly?—A. Well, they were not paying out money and they were calling in their loans as much as possible.

Q. And to your knowledge the Holliday contract was one of the largest claims that Mr. Holliday had at the time?—A. Yes, I think it was the largest claim Mr. Holliday had at the time.

Q. And therefore you brought him down to the bank and advised him to accept the conditions?—A. No, sir, I did not advise him. I put the things to him and let him decide by himself.

Q. Why did he get so disturbed and so excited?—A. Why, I think you would too in the same position.

Q. I am out here to answer your questions. I am asking you how it was, if you did not advise him to act one way or the other, he should get mad?—A. It was his money.

Q. Why get mad?—A. If you won't let me say you would get mad, I would get made under the same circumstances.

Q. Is it not the fact that you advised him to pay \$3,000?—A. No, I did not. He said this morning I did, but he admits his memory is very poor.

Q. Now, did he write out the body of the cheques?—A. He wrote the whole of the cheques.

Q. You supplied the blanks, I suppose?—A. Yes, we have blank cheques. I had no right to sign or write out any cheques for Mr. Holliday.

Q. Do you mean to say you do not know on what banks those cheques were drawn?—A. No, sir, I don't remember.

Q. Now, if these cheques or any one of the three cheques had been on any other bank but the People's Bank of Halifax, then you ascertained that Mr. Holliday was doing business with other banks also?—A. Yes, sir, he was.

Q. Did you know that before?—A. He was not doing an exact general business I found out since.

Q. But at the time?—A. I found out that day and found out since he had deposits or accounts in other banks.

Q. And on account of the cheques which he made out, that is the way you found out he had moneys in other banks?—A. I told Mr. Watson that I could not swear what bank it was, even if it was on the People's Bank of Halifax or not, without referring to the books. As to the writing of the cheques, that I swear to you again he wrote those three cheques on my desk. What bank they were we will find out, if he tells where he had bank accounts.

Q. But you have just said you ascertained he was doing business in other banks?—A. Yes, sir.

Q. And therefore some of those cheques must have been drawn on some of those other banks?—A. They may have been.

Q. And that is the reason you found out he was transacting some of his business in some other banks?—A. That is rather a long time ago, and all these weeny details are had to remember in detail, but the main and principal facts are there just as I told you, and I am ready to repeat them ten times if you want me to.

Q. Very well. But if the cheques were drawn on other banks then you could not have been the man who suggested he should draw those cheques on the other banks, you did not know he had money in the other banks?—A. If he drew on the other banks, then he and I talked over the affair and said that must be done in some way that cannot be traced. He may then—mind, I do not swear to this—he may then have said, 'I have deposits in other banks, and I will draw cheques on them.' But he drew three cheques.

Q. That is the way possibly you ascertained he had money in other banks?—A. If he drew on other banks, that is when I ascertained it.

Q. That surprised you if you knew?—A. He had overdraft of \$20,000?—A. Yes, sir.

Q. And if you found out that day he had money lying idle in other banks it would surprise you?—A. It would.

Q. And information of that kind should refresh your memory a little more as to what were the banks on which those cheques were drawn?—A. Well, there are eleven banks in Quebec.

Q. Did you see him write out the cheques?—A. Yes.

Q. Do you mean to say you do not remember the date on each of those cheques?

—A. No, not the exact date, sir.

Q. No?—A. There was no record of it.

Q. Why did you not allow Mr. Holliday to discount these cheques himself?—A. Cash them?

Q. Yes?—A. I thought, as manager, I could get large bills easier.

Q. Why should you get large bills easier?—A. Because, if I remember rightly, they were not at the banks where the cheques were drawn on.

Q. Had you appointed an hour where you were to meet in the afternoon with Mr. Boudreau?—A. Oh, he said he would come back in the afternoon after lunch.

Q. After lunch. Well, now, seeing that Mr. Holliday objected at first and finally was induced—A. I did not induce him.

Q. I did not say you did. Was induced to sign the cheques and hand them over to you, why did you not think then of phoning Mr. Gregory?—A. Because, from all appearances—

Q. To prevent your client, Mr. Holliday, from being fleeced?—A. I understood there was nobody else but Mr. Holliday, I and this gentleman to know of the transactions.

Q. What objection would there have been at the time as banker or business man or any other man to have phoned Mr. Gregory and told him about it?—A. I did not think it necessary.

Q. It was not necessary?—A. I did not think it necessary. It never entered my head.

Q. Very well?—A. The moment Mr. Holliday was satisfied, it was his money—

Q. Then have I to take your story, although the story is rather extraordinary?—A. Not a story, sir, a statement.

Q. A statement, a narration, if you want it better?—A. Neither a narration, a statement, and a statement under oath.

Q. You seem to be very particular in reminding us that you are speaking under oath. I have no doubt about it?—A. My statement. Not a narration or story.

Q. Mr. Holliday took your word for what had happened during the conversation of the forenoon with Mr. Boudreau?—A. Yes, sir.

Q. He never doubted your word for one moment?—A. He never did, and never has, I don't believe. He said it under oath this morning.

Q. That was between the 4th and the 10th of June?—A. Well, it may have been the 12th.

Q. Well now, wait a minute. Would it be before the 4th and 12th?—A. It was before the 17th, I am sure of that.

Q. Well, why did you say in your examination in chief, sir, you were sure it was before the 4th and 10th?—A. Because it seemed to me it was 8 or 10 days, and 8 or 10 days before the 17th would have brought it round to the 17th. Mr. Laflamme, it is a small detail whether the 5th, 8th or 6th he got the money.

Q. At all events, a man who would state in your presence that it was not between the 4th and 17th would not tell the truth; is that the way you put it?—A. Yes, he would lie, as he told me I lied.

Q. All right. So if between the 4th of June and the 17th of June it was proved by the attendance book here in the department Mr. Boudreau was here and signed the book, then your faith would waver a little?—A. I would not believe the book.

Q. I would not believe the book?—A. No, sir. I tell it here publicly.

Q. All right?—A. I am sure of that. The department that can do that will do other things. Yes, sir, if they show false in that——

Hon. Mr. CASSELS.—Witness, you had better wait until you are asked a question.

Mr. LAFLAMME.—Do not carry on in that way?—A. I will prove it in time. I withdraw the remark.

Hon. Mr. CASSELS.—I think you had better just answer the questions.

Mr. LAFLAMME.—Mr. VanFelson——

Hon. Mr. CASSELS.—Will you allow me to ask him a question before you leave that.

Q. You said it was at all events after the 4th of June?—A. Yes, sir.

Q. That this interview took place?—A. Yes, sir.

Q. Now, I would like to get exactly what Mr. Boudreau stated to you in regard to not getting the moneys. Put it in your own language?—A. He gave me no reasons.

Q. What did he say about it, did he mention that the moneys would not be forthcoming or that the accountant had got them?—A. I will just give you word for word his answer. He came down to settle that. I said, 'I am very glad. Have you got the cheque?' 'No.' 'Then why did you not bring it, how are you going to settle?' 'Well, sir, there are certain little payments required.'

Q. Before he could get a cheque?—A. Before the payment would be made.

Q. What I want to call attention to is this, that when you got those cheques on the 16th of June you endorsed them and saw they had been dated the 2nd of June?—A. I did not remark that.

Q. You did not remark that?—A. No. I did not even remark that now. (Examining cheques.) Yes, I see now they are dated 2nd of June.

Senator CHOQUETTE.—I looked at them myself and I did not remark the date.

WITNESS.—I did not remark the date. I endorsed them to the credit the same day of Mr. Holliday

Hon. Mr. CASSELS.—It was in that view I called your attention to the fact. It would have struck me at all events the moment I saw the cheques that they had been signed before Mr. Boudreau came to you, that you would think this was rather a put up job on his part?—A. But, my lord, the cheques came in after Mr. Boudreau had gone away.

Q. I should have thought that as soon as you got the cheques you would have noticed that?—A. I never remarked it, that is the first thing I remarked the date of the cheque.

By Mr. Laflamme:

Q. You thought this was a matter to keep secret?—A. Well, the desire was it should not come out.

Q. You did not see fit to boast about it?—A. No.

Q. You kept it quiet?—A. Yes.

Q. For your own sake?—A. No.

Q. You did not consider you had done anything proper?—A. "I made a fool of myself taking part in the contract, but I am not ashamed of my share in the work of it. It is never too old to learn.

Q. You seem spontaneously to have made a clean breast of this thing out of court ever since you heard this investigation was going to test these matters?—A. No, sir.

Q. You never said a word about this transaction until to-day?—A. Yes, sir, not publicly or indiscriminately.

Q. Oh, I see?—A. To the best of my knowledge to three gentlemen.

Q. In Quebec?—A. Yes, sir.

Q. Would that be prior to the first sitting of the Commission at Quebec?—A. No, sir; two, one the evening before it sat.

Q. One evening before it sat?—A. One the evening before it sat.

Q. Yes?—A. The other may be a month, maybe six weeks after, and I am happy to say—

Q. How did you come to confess on the eve of the first sitting of this Commission that this transaction had taken place?—A. Will I give that?

By Hon. Mr. Cassels:

Q. Just answer the question?—A. Mr. Gregory called me up to his residence to consult his lawyer.

By Mr. Laflamme:

Q. Was Mr. Choquette present?—A. No. Hold on a minute. I am answering after Mr. Gregory had decided according to what he had done he had not done wrong, what he thought he had not done wrong, and Mr. Choquette and I came downstairs together. I brought Mr. Choquette into the parlor, there was no light even, we were alone.

Hon. Mr. CASSELS.—We do not want to hear what took place between you and your counsel.

Mr. LAFLAMME—Just one question and I will be through.

The WITNESS.—Then another gentleman—if you please, my lord, they are accusing me of telling all outside.

By Hon. Mr. Cassels:

Q. You told three?—A. Yes.

Q. That answers your purpose.

By Mr. Laflamme:

Q. If you had noticed the date of these two official cheques when you got them you would have found out that you had not been held-up but, as you said a moment ago, some one had made a fool of you?—A. Did not make a fool of me. I was a fool to render myself a third party, a go-between.

Q. But you would have found if you paid the money between the 4th and the 17th of June the official cheques had already issued?—A. On the 2nd. I never remarked it.

Q. But if you had remarked it as you do to-day?—A. If I had remarked it, certainly I would have thought it strange.

Q. Strange. Some one had bluffed you?—A. Naturally, that is what happened.

By Mr. Watson:

Q. I would like to ask you one or two more questions, Mr. Van Felson?—A. Yes, sir.

Q. When you saw Mr. Holliday after Mr. Boudreau called at the bank that morning did you then tell Mr. Holliday that it was Mr. Boudreau who had called, did you mention his name to Mr. Holliday?—A. If I mistake not I did.

Q. Can you be sure whether or not you did?—A. I would not swear to that.

Q. You would not say whether you did or not?—A. I would not swear to that. I—

Q. Just wait a moment. Of course, that was a very special and extraordinary payment, you knew that, and you had taken the precaution by reason of it being so extraordinary to speak to the accountant for your own protection?—A. Yes, sir. I did not tell the accountant what it was though.

Q. Oh, no. For your own protection?—A. Yes, sir.

Q. Now, that is the reason I want to ask you again in view of these conditions, as a matter of recollection or fact did you state to Mr. Holliday the name of the man who was attempting to do this great fraud?—A. That, Mr. Watson—

Q. Did you mention his name to Mr. Holliday?—A. I am under the impression I did. I cannot swear.

Q. You cannot go beyond that?—A. No. There are so many small details.

Q. Now, you have already said, Mr. VanFelson, that you recognized it was a hold-up and a fraud?—A. I considered it a hold-up.

Q. And a fraud?—A. Well, if it is a hold-up it is a fraud.

Q. If it is a hold-up it is a fraud. Now, in view of the fact that you knew at that time, as you have stated, that the account had already been passed by the department, when a gentleman, an official of the department came there and attempted to commit a serious fraud why, as a business man and a banker, did you not telegraph at once to the minister about this fraud that was being attempted, why did you not do it, please?—A. I did not consider it a fraud. I considered it a hold-up. I made my message to Mr. Holliday.

Q. You said a moment ago it was a hold-up and that was a fraud?—A. Yes, I thought it was a high-handed piece of goods.

Q. Eh?—A. I thought it was rather a high-handed transaction.

Q. A high-handed piece of goods?—A. I thought it was rather a high-handed transaction.

Q. That is what you call a fraud, a high-handed piece of goods?—A. A usual expression.

Q. Well, I have not heard it before myself. It is just this then, and you see the reason, Mr. VanFelson, for asking these questions, knowing these conditions and knowing it was a fraud, you did not telegraph the authorities, the minister or any other authority?—A. No, sir.

Q. Who would at once check the fraud, but on the other hand, you participated in the commission of the fraud?—A. I was a go-between.

Q. Is not that so?—A. I was a go-between. I made my message to the third party.

Hon. Mr. CASSELS.—You have told us of that half a dozen times. That will do.

Senator CHOQUETTE.—No questions.

J. B. A. BOUDREAU, sworn.

Mr. WATSON.—Mr. VanFelson, do you know of any one else who can assist in the matter in the way of giving information which would be of use in ascertaining the truth?

Mr. VANFELSON.—Well, Mr. Lawrence of the bank, I think Mr. Lawrence can pretty near fix the date.

Mr. WATSON.—I see. But that is all you mention?

Mr. VANFELSON.—Yes, sir.

By Mr. Watson:

Q. Mr. Boudreau, you are an official of the Marine and Fisheries Department?—A. Yes, sir.

Q. What office do you hold there?—A. Assistant accountant of the Marine Department.

Q. Assistant. How long have you been in that office?—A. Since 1904.

Q. Were in the department before that time?—A. No.

Q. Who was your superior officer at that time?—A. Mr. Owen.

Q. And who is now, Mr. Doutre?—A. Yes, acting accountant.

Q. As assistant accountant, had you a knowledge of that contract for \$125 a day for this *King Edward* ship?—A. I may have had knowledge of the contract, the last one when the account was paid and certified by the proper officials in charge of that service.

Q. But at the time that contract was made, would you have knowledge of that, would that come before you so that you would have information about it?—A. It would go to the accountant. I may see it incidentally.

Q. Then, what is the fact, did you know of that contract in October, 1904?—A. Well, I cannot recollect now. I had no particular interest in that contract more than any other.

Q. I see. And then when did you first learn of the making of that contract by correspondence in May and June, 1904, fixing the amount at \$125 a day?—A. Well,

I remember having seen some correspondence about asking for the payment of that account which had been held in the department, in fact we had no funds to that appropriation, from what I know. This can be corroborated by the accountant.

Q. Now, at the time that new contract was attempted to be put through, that is at \$200 a day instead of \$125 a day you had knowledge of what was going on, had you?—A. Oh, I do not remember.

Q. Eh?—A. I do not remember anything of that.

Q. Would that come in your department at all?—A. It would.

Q. That is the making of that new contract?—A. The making of the new contract. All the contracts were sent up to the accountants branch to be noted. I knew where to pay the account and compare it, that is what the contract was presented for.

Q. You see, Mr. Boudreau, if you will just kindly listen to my question before you attempt to answer. My question was, during the time of the making or attempted making of that contract before it was made for the \$200 a day, had you knowledge of what was going on?—A. I do not remember.

Q. That is as far as you go?—A. That is as far as I go.

Q. You see, the reason I ask you that is this, that the making of that contract upon its face is rather extraordinary to one, I think, increasing the amount from \$125 to \$200 a day. I should think that would be a surprise to every one in the department who knew about it.

Hon. Mr. CASSELS.—I do not understand there was any second contract made at all. It was a sort of gratuitous giving away of \$75 a day by some of the officials.

Mr. WATSON.—That is the legal effect no doubt my lord, but at all events it was a form of contract and they assumed to have a contract.

Q. But at the time of that going on in the department—I do not need to describe it by any other words than those—had you knowledge of what was going on? That is what I want to get at?—A. I do not remember.

Q. That 'do not remember' is not very satisfactory kind of answer.—A. It may be, but it is three years ago. I was just in the department in time, I had not time to familiarize myself with the work, therefore it should be referred to the accountant who would be in a position to state to you whether referred to him or not.

Q. I see. I should have thought you would remember. Here is a solemn contract and here is an attempt to enlarge it afterwards by \$75 a day. Still, you say you have no memory?—A. I may have seen it I mean. Anyway I had nothing to do with this contract.

Q. You see, any one who runs may see and read the importance of this matter, because these contracts are connected directly with what follows. You are not able to say now any more than that you do not remember?—A. The point is this, when a contract is made it is referred to some officers who are in charge of some appropriation and they make note of the contract and whenever accounts come in they compare them.

Q. Then I understand from you that so far as the accountant's officer is concerned the ordinary course is after a contract is made that you should have a record of it for the purpose of checking the payments?—A. Yes.

Q. Then have you anything to do with making the contract?—A. Nothing at all.

Q. You did not tell me that before. I asked you if you had any information or knowledge of what was going on?—A. We had a special branch for contracts.

Q. Yes. Then in the ordinary course would you have any knowledge of the making of that contract?—A. No, except Mr. Owen.

Q. Afterwards you became aware that contract was made?—A. When the contract was made it was submitted to the accountant for the preparation of his estimates. I had nothing to do at the time with the preparation of the estimates, and therefore it did not come to me.

Q. Then did you know afterwards that the price per day had been fixed at \$200 or was assumed to have been fixed at \$200?—A. Well, I saw the account in the accountant's branch properly certified by the officer in charge. I put it through that way.

Q. You saw that there?—A. Yes, sir.

Q. If you saw the increase from \$125 to \$200 a day, and if you or any other officer was not rightly disposed, of improper motives, there was a fine opportunity there of a rake-off, was there not?—A. I do not think so, because I had nothing to do with the contract.

Q. I see. You see, the premises afford the opportunity for a rake-off if officials are of that mind, you observe that, don't you?—A. You mean? I don't catch.

Q. Well, perhaps it may be to your credit that you do not observe it. I do not need to go over it further then. That is your answer. Now then, we will just come to the critical matter. Have you heard the evidence of Mr. VanFelson?—A. Yes, sir.

Q. Have you a knowledge of the signing of these cheques, these two cheques signed the second of June (handing cheques to witness)?—A. (After examining cheques.) No.

Q. Had you any knowledge at the time that these cheques were signed?—A. No.

Q. You had not eh?—A. No. They are signed by Mr. Owen.

Q. Do those cheques that are signed by Mr. Owen in the department come before you for the purpose of checking?—A. No, not necessarily.

Q. Not necessarily. As a matter of fact did those cheques come before you for the purpose of making any entry in the books or otherwise?—A. No.

Q. Have you got the book here in which these are entered, the departmental book? Are these entered in any book at the time they are written out?—A. Yes, they are.

Q. Have you got the book here?—A. No.

Q. Will you please send for it now, Mr. McClenaghan. I want to see whether Mr. Boudreau made any entry at the time these cheques were made out. Now on the 2nd of June these are dated. When did those cheques leave the accountant's office, do you know?—A. I looked up a little in the book. They left on the 14th or 15th.

Q. The 14th or 15th of June?—A. Yes.

Q. Then will you explain to us why these cheques are dated the 2nd of June and did not leave the office until the 14th or 15th?—A. I cannot explain that at all.

Q. Can you tell what date they were actually signed?—A. No. Well, Mr. Owen signed them, he may be able to tell; I cannot tell you.

Q. You cannot tell?—A. No.

Q. Is Mr. Owen here?—A. I presume so.

Q. Is he here in court? Oh, yes, I see he is here. We will be able to ask him in a few minutes. Then you cannot tell, you have no knowledge when they were signed?—A. No.

Q. But they were not sent out, posted until the 14th or 15th. Can you explain that?—A. No.

Q. Had you anything to do?—A. Nothing at all.

Q. With the retention of them?—A. Nothing at all.

Q. Are you sure?—A. I am sure.

Q. Is it any part of your duty to attend to the delivery out of cheques?—A. Well, we have several clerks in the office and we give them instructions to despatch cheques as soon as possible, but I do not see why these were held up, detained. I had nothing to do with it at all.

Q. Did you do any figuring to fix the amount?—A. Not that I know of.

Q. Can you recollect whether you did or not from any books or any records?—A. I may be.

Q. Eh?—A. I will have to see the original account, who initialed it. (Looks over account.)

Q. My recollection is that Mr. Owen's name is on the account. Whose name is that, Mr. Gregory's?—A. Yes.

Q. Any other name on that?—A. No. There is Mr. Gregory's name.

Q. What initials are these? Do you mean to say this account has been put through without being initialed by any official of the department?—A. It must have been initialed here.

Q. Let us see it then?—A. (Witness turns up account.)

Q. That was given to me as the original.—A. The duplicate might have the initials.

Q. Is there a duplicate account there? Let us see if any assistance can be given. You say cheques are never prepared and issued in the accountant's office unless they are certified by some one in the head office, is that not right?—A. Yes.

Q. I mean to say you do not act upon a certificate of an outside agent?—A. In some cases we did, but we do not now.

Q. Since when?—A. Since a couple of years.

Q. A couple of years ago. Well, at this date, on the 2nd of June, 1905, did you then sign and issue cheques without their being certified by the deputy minister or some other official here?—A. They were only initialed by the accountant there before they went through.

Q. Initialed by the accountant. I do not see any initials by the accountant here?—A. There (indicating).

But that is a different account, that is 1906. Where is there any initial on this account?—A. Well, I don't see it.

Q. Who can explain that?—A. I don't know.

Q. Did it come before you?—A. Well, as I say, I don't remember having seen that. If I had signed the cheque I might remember because some of those accounts come to me when I sign cheques, but in this case they are signed by Mr. Owen and therefore I know nothing at all.

Q. Was there a letter sent from the department to Mr. Gregory with the cheques?—A. Yes.

Q. Now, Mr. VanFelson has stated that you were in Quebec City some day between the 4th or 5th and the 10th of June, possibly a little later, and that you went to his office and had an interview there. You have heard his evidence?—A. I have heard his evidence.

Q. You have heard his evidence?—A. Yes. I was never there in June.

Q. What?—A. I was never there in Quebec in June, 1905.

Q. You were not there?—A. No. His evidence is false.

Q. You say his evidence is false?—A. Certainly it is.

Q. Do you mean you were not in Quebec City?—A. In June?

Q. At all?—A. No.

Q. In the month of June?—A. No; and the attendance book will show that.

Q. When were you in Quebec City, during what year?—A. I think I was in Quebec sometime in July.

Q. What time in July?—A. About the 10th or—

Q. About the 10th of July?—A. I think so.

Q. Where you there in June at all?—A. I was not there in June.

Q. You were not there in June. Were you there in May?—A. I was not there in May, that is as far as I can recollect, but I can look up the book and let you know.

Hon. Mr. CASSELS.—Leave the book alone, it may be wrong, you know.

By Mr. Watson:

Q. Can you speak accurately as a matter of recollection or not?—A. Well, I never was there in June, 1905.

Q. I know, that is what you have said. Were you there in the month of May 1905, as a matter of recollection can you tell?—Well, so far back I cannot.

Q. It is only three years, a little more than three and a half years. You cannot tell?—A. I cannot swear I was not there in May.

Q. Why do you say so positively you were not there in the month of June?—A. Because I have been enquiring.

Q. But as a matter of recollection can you tell?—A. Yes.

Q. As a matter of recollection?—A. Yes.

Q. If you had not found some records in the book that you have referred to, would you have been able to say that you were not there in the month of June?—A. I think I could.

Q. You are not quite sure?—A. I am not quite sure.

Q. That you could have stated as a matter of recollection that you were not there in the month of June. What makes you recollect you were there in July?—A. Because I was sent down there for the *Arctic*.

Q. You were sent down there what time in July?—A. About the 10th or 15th.

Q. Between the 10th and 15th?—A. Yes, about that date I recollect, I have no positive data.

Q. How long were you there that time?—A. There, I suppose, for a month.

Q. You were there a long time?—A. Yes.

Q. I see, a month at that time. During the time you were there in July did you see Mr. VanFelson?—A. I may have seen him.

Q. Do you recollect whether you had any conversation with him during that month?—A. Yes, I recollect having seen him once on board the vessel.

Q. Once on board the vessel?—A. Yes.

Q. What vessel?—A. The *Arctic*, I think.

Q. What conversation did you have with him at that time?—A. Oh, I don't remember.

Q. Eh?—A. He spoke, that is all, passing. I didn't know him practically, I knew him for a nephew of Mr. Gregory, that is all I knew of him.

Q. Had you seen him often before that time?—A. I don't remember.

Q. Had you ever seen him before that time, before July, 1905?—A. Well, I might have seen him, but I don't remember it at all.

Q. You do not remember it?—A. No.

Q. Had you ever seen him about Mr. Gregory's office?—A. You see so many people there you cannot make a note of them. I did not expect this.

Q. You are up against a serious proposition, Mr. Boudreau, I do not know whether you appreciate the evidence that is given. I do not know whether you have recollection or whether you have not. I just want to know. Now, then, I want to know do you recollect seeing him before July, 1905, at any time in Quebec?—A. No, I do not recollect ever having seen him before.

Q. Will you say you did not see him in Quebec before that time?—A. Yes, I will.

Q. You will?—A. Yes.

Q. You undertake to say that, do you?—A. Yes. I never saw him before July.

Q. Before July, 1905?—A. During those two weeks.

Q. Now, he says in June that on an occasion—we will leave out June for a moment—that on an occasion during June, 1905, you went into his office and spoke about this account of Holliday Brothers and told him that you were the accountant from the accountant's office and were there to settle that matter, that he asked you if the cheques were drawn, if you had the cheques, you said no, that there was something else had to be settled up meantime, then there was the talk about a thousand dollars, two thousand dollars, and finally three thousand dollars was fixed upon as the amount to be paid; you said you were to have that for yourself and others, and that if there was not more than \$2,000 there would not be anything in it for you?—A. Well, I swear this is a falsehood.

Q. What?—A. That it is false entirely from the first word to the last one. I never got a cent from VanFelson directly or indirectly, and I had nothing to do with him in that respect.

Q. Were you ever in his bank discussing the question of that account?—A. I never discussed the question of that account of Holliday's, because when I went there the account was paid. It was in July, the account was paid the 17th of June.

Q. Were you there at any time before July or in July when there was some discussion about the payment of the Holliday account?—A. Well, the account of Holliday was paid in June, and I was not there.

Q. I did not ask you that, sir, if you will just listen to the question. Were you there at any time before the month of July when there was a discussion in the Peoples Bank with Mr. VanFelson about the Holliday account?—A. I do not remember anything of the kind.

Q. You do not remember. That is as far as you can go, is it?—A. It is hard to recollect after $3\frac{1}{2}$ years.

Q. Then are you prepared to contradict what he says or are you not, can you contradict if you have no memory?—A. I am prepared to contradict his statement that I got any money from him. I never got a cent. If he took the money I don't know what he did with it.

Q. If he took the money?—A. If he took the money I don't know what he did with it.

Q. If he took the money. He says there was \$3,000 put into an envelope and given to you, that you received the envelope with the money?—A. That is false.

Q. Eh?—A. That is not true.

Q. How much was there in the envelope?—A. I never got an envelope.

Q. I see. And what about the money, it may not have been in an envelope then, did you get any money from Mr. VanFelson?—A. I say no, and I swear to that.

Q. In respect to the Holliday account?—A. I never got anything from VanFelson in respect to the Holliday account, and I swear to that.

By Hon. Mr. Cassels:

Q. Did you get any from Mr. Holliday?—A. No, I did not get any from Mr. Holliday.

By Mr. Watson:

Q. Then I want to know whether you were there in the bank talking to him?—A. I might have gone there on one occasion, it must have been in August, I think, I was passing by and I met a friend of mine from Riviere du Loup, he had some business there. I went in for a while and came out.

Q. When was that?—A. August.

Q. Who was that?—A. I think Emile Dube.

Q. Was that August, 1905?—A. Yes, I think. I just walked in and went out. I was going to meet a friend of mine there.

Q. Did you have any talk with Mr. VanFelson at that time?—A. I think he came out of the office and shook hands with Dube, and that he was presented to me.

Q. How do you mean, presented to him?—A. He knew me before he came.

Q. Do you mean you were introduced to him?—A. No. He came on board the vessel in July, and then he came up and shook hands.

Q. Was there any talk about any account?—A. No, no talk about any account.

Q. Any talk about the Holliday account?—A. No talk about the Holliday account. Holliday had no account then.

Q. Then he stated you came down there and you were there for yourself and others, others were to have an interest in this. Who were the others?—A. Well, I am not responsible for his statement. I hope I am not going to be responsible for his statement, for every crank roaming about the country.

Q. What do you say then to his evidence, which he had mentioned several times, that he was giving and assuming full responsibility of making the statements under

oath that you demanded this for yourself and others. What do you say to that?—A. I say let him produce the cheque that he gave.

Q. What do you say as to whether or not it is correct?—A. I say it is not correct. I said it before, I repeat it.

Q. Did you know Mr. Holliday?—A. I have known him since 1906, I think.

Q. Since 1906?—A. Yes.

Q. Did you know him in 1905?—A. No, I did not.

Q. Not know him at all?—A. No.

Q. Did you see him on any occasion when he was up here?—A. I don't remember having seen him.

Q. On any occasion in 1905?—A. No.

Q. Do you recollect he used to visit Ottawa quite frequently?—A. Not in 1905.

Q. Not in 1905?—A. No, I don't think so.

Q. How do you know?—A. If he had come often to the office I would likely have met him as I meet other people who come around.

Q. I see. Did you meet him at any time here during 1905?—A. Oh, no, I became acquainted with him, I may have met him, but I did not speak to him until 1906.

Q. What time in 1906?—A. Oh, it was in the fall.

Q. The fall of 1906?—A. Yes.

Q. Then did you take an interest, help him along in his accounts?—A. Help him along?

Q. I mean help him along, giving him favours?—A. There is no favour given him.

Q. No favours given him?—A. No, not that I am aware of.

Q. Did he ask you to help him get his account through?—A. He did not need to ask me.

Q. I am asking you the bare fact. Did he ask you to help him get his account through?—A. He may have asked me to despatch his cheque promptly, he may have done that to me as I suppose he did to the accountant at the time. You must bear in mind I was only assistant accountant, I had no full power to run the accountant's branch.

Q. Exactly, we understand you were assistant accountant. But I am asking you as a matter of recollection, not of duty. Have you any recollection in 1904 and 5 whether he asked you to help him along with this account?—A. I have one recollection.

Q. Can you say he did not do so? You cannot say apparently?—A. I do not remember anything of the kind. He may have.

Q. You do not remember anything of the kind. You understand English fairly well?—A. Yes.

Q. You understand my questions clearly and distinctly?—A. Yes.

Q. I see. So there is no misapprehension or doubt?—A. No doubt.

Q. As to my meaning and the questions?—A. No.

Q. I see. Well now, I want to know what the foundation is, if any, for this evidence. How can you explain Mr. Van Felson giving this evidence, what have you to say? He says that you were there in the morning and that you came again in the afternoon?—A. That is a put up affair.

Q. What?—A. That is a put up affair.

Q. A put up affair?—A. Yes, that is what it is.

By Senator Choquette:

Q. Not a hold-up, a put-up?—A. Yes, a put-up.

By Mr. Watson:

Q. Why do you say that?—A. I say because I know it is so.

Q. Did you ever hear any discussion in the office here at Ottawa before June, 1905, with reference to the change of the prices and the fact that Mr. Holliday was

getting a very much larger sum than originally contracted for: What do you say?—A. There might have been some discussion, but I don't recollect. I did not put through the account. It appears to have been put through by the accountant and therefore I may not have seen it at all.

Q. You may not have seen it at all, I see. Then have you any knowledge of any one in the department getting any money out of this account or from Mr. Holliday?—A. No, I know of nobody.

Q. Did anything of the kind ever occur to your knowledge?—A. Not that I know of.

Q. I say to your knowledge?—A. No.

Q. Did you ever receive any money at all?—A. No, I did not.

Q. Did you ever receive any from Mr. VanFelson?—A. No, I swore to that a minute ago.

Q. I know, on that one occasion. Did you on any other occasion ever receive any money from him?—A. I did not.

Q. On any occasion whatever?—A. On any occasion whatever.

Q. He has sworn that you did. Do you take the responsibility of contradicting him?—A. I do take the full responsibility of that.

Q. Of contradicting him under oath?—A. Yes.

Q. You do?—A. I do.

By Hon. Mr. Cassells:

Q. Is there any ill feeling between you?—A. There is no reason.

Q. Until this?—A. No, there was no ill feeling. I may have met him on two or three occasions.

Q. You cannot give any reason why there should be?—A. I cannot give any reason.

Q. As far as you know?—A. I have no personal ill feeling.

Q. Or he against you?—A. No.

MR. WATSON.—Mr. Van Felson has just stated to me the bank was closed in August.

MR. VAN FELSON.—Closed and transferred the 1st July.

MR. WATSON.—Just wait please. That is the account was closed.

SENATOR CHOQUETTE.—The office was closed. There was no Peoples Bank in August, 1905.

WITNESS.—Well, it may be a year previous, but I know positively I was not there in the month of June, and that was in July. I did not go then. I cannot recollect every movement I made three years ago. One thing I would recollect, if I had received \$3,000 I would know it very well.

By Mr. Watson:

Q. That is a matter on which there can of course be no possible mistake?—A. No.

Q. No possible misunderstanding?—A. No. You can have my bank book and look through everything.

HON. MR. CASSELS.—If you took the money you would not put it in your bank account, so we need not bother about that.

By Mr. Watson:

Q. Have you your bank book?—A. No, but I have a list of all my deposits in 1905. I telephoned for it.

Q. A list of your deposits in 1905?—A. Yes.

Q. In what bank, the Royal Bank of Canada?—A. Yes.

Q. Is this the document that you looked over?—A. Yes, I looked it over.

MR. WATSON.—This is a paper handed to me, my lord, certified by Mr. Kirkpatrick of the Royal Bank of Canada, manager. 'List of deposits credited to Mr. Boudreau's account during the year 1905.'

(List marked Exhibit 418.)

Q. Did you keep more than one account?—A. No. The only one I had.

Q. The only one you had?—A. And a small one at that.

Q. I see in June, 1905, the total deposits amounted to \$225.

Hon. Mr. CASSELS.—Mr. Watson, if there is any truth in the story at all the last place he would put it would be in his bank account.

Mr. WATSON.—Yes, it might be so.

By Mr. Watson:

Q. Did you ever have any other place where you kept money?—A. No, I had no other place.

Q. That will do.

Senator CHOQUETTE.—May I put a question?

Hon. Mr. CASSELS.—What is the question?

By Senator Choquette:

Q. If you are very positive now. I say do you remember that you went to the bank in August, 1905, is it positive or just that?—A. I am not positive of it. I know I was not there in the month of June.

Q. I know. You went with Dube to the bank—I know him very well—was that in July or August?—A. I cannot remember. I did not pay particular attention to that.

Q. The bank was closed the 1st July. Just another question. Mr. VanFelson swore that you told him on one occasion that you knew where the money went to, that he got it and you would prove to him where he put the money?—A. I did not tell that to VanFelson. I told you in your presence—

Q. I do not want that?—A. I tell you what I told him in your presence.

Q. Not in my presence?—A. If he made that statement he will have to prove it. He will go simply by his own word.

Q. Look here, Mr. Boudreau, Mr. VanFelson swore a moment ago that on one occasion you told him he got the money, and you will prove to him where he put it. He swore to that. Do you say that is not true?—A. I say I wanted to prosecute, and that in the course of the prosecution I would trace where the money went.

Q. That is not the question. I wish you to keep to the point. You are contradicting Mr. VanFelson on different points?—A. On several points.

Q. He swore to that positively, that is put down there, that is you accused him of getting the money and you would prove where the money went?—A. I swear I did not tell he had taken the money. I said, 'You are either crazy or you stole it.'

Q. That is not the question. Answer the question yes or no.

Hon. Mr. CASSELS.—I think, Mr. Senator, we have had the whole thing out.

Senator CHOQUETTE.—I just wish this to come out.

Hon. Mr. CASSELS.—Mr. Gregory is not interested in this little side issue.

Senator CHOQUETTE.—No.

Mr. LAFLAMME.—I ask permission, my lord, to put a few questions.

Hon. Mr. CASSELS.—That is another matter. I give great latitude to counsel representing officials.

By Mr. Laflamme:

Q. Mr. Boudreau, what is the occupation of this man by the name of Dube?—A. He is in Rivière du Loup, he is a contractor.

Q. Now, where were the bank premises which you entered in company with Dube as you recollect in August, 1905, would it be on St. Peter street or on St. Paul?—A. It was St. Peter.

Q. Not the corner of St. Paul and St. Peter?—A. On the same street where all the banks are. I don't know much about the streets in Quebec.

By Senator Choquette:

Q. That may be a mistake, it may be the Bank of Montreal

By Mr. Laflamme:

Q. Do you say you saw Mr. Van Felson in the bank you entered in company with Mr. Dube?—A. I would not like to make any sworn statement to that effect. I cannot say positively about it. It is a long time ago and I did not pay any more attention to that than if I met a man in the street, shake hands and pass on.

Q. Now, what entries do the officials of the department have to make in what you call the attendance book?—A. We have to sign our name in the book every morning.

Q. At what time?—A. Between 9 and 9.30.

Q. So have you looked up the attendance book and thereby corroborated your recollection that you had not been in Quebec in June—I am right in assuming that you had signed the attendance book during all the working days of the week during the month of June?—A. Yes.

Q. Did you hear Mr. VanFelson say he had seen you in the forenoon?—A. Yes,

Q. And also had seen you in the afternoon?—A. Yes.

Q. Now, according to the usual mode of transportation would it have been physically possible for you to sign the attendance in the forenoon here and see Mr. Van Felson in Quebec then?—A. No.

By Hon. Mr. Cassels:

Q. Do you think there is such a thing as signing the attendance book afterwards, has that happened? I do not know anything about that?—A. It might be produced.

Mr. LAFLAMME.—That is quite possible.

Hon. Mr. CASSELS.—An attendance book is a very curious thing, you know.

Mr. LAFLAMME.—Yes.

Q. As a matter of fact, Mr. Boudreau you never played false with the attendance book?—A. Never.

Q. You insert your name when you attend?—A. Yes.

Q. And when you do not?—A. I do not mention it.

Q. Who keeps the attendance book?—A. By the deputy minister. Mrs. Thomas has charge of it.

Q. And does any one sign your name for you or do you sign your own name?—A. No, sign my own.

Q. Your own handwriting is there?—A. My own hand writing is there.

Senator CHOQUETTE.—On the book as recorded. That will do then.

Mrs. A. H. THOMAS, sworn.

By Mr. Watson:

Q. What is this book produced?—A. The attendance book, sir.

Q. Did you prepare this memorandum, Mrs. Thomas?—A. It was prepared in our office, sir, yes.

Q. Have you had an opportunity—I think you have been working pretty hard?—A. Yes, I did it during the lunch hour, I did not have my lunch to-day.

Q. Did you have an opportunity of checking that?—A. We went as quickly as we could at it. I think it is quite correctly taken from the attendance book.

Q. Just come here, please, one moment, and pick me out the entries there in June, 1905, let me see that month. June, 1905, that is where it starts?—A. June 1st was a statutory holiday. June 2nd, there is Mr. Boudreau's signature (indicating).

Q. June 2nd his name is signed at the top of the list. He got in first that morning?—A. 8.25.

Q. Is that his own handwriting?—A. That is his own handwriting.

Q. Now, might that have been signed the following day or some day the following week?—A. No, that is absolutely impossible.

Q. Why do you say absolutely impossible?—A. I know, because I check it as a rule myself. When I am not there it is checked all the same.

Q. Every day checked?—A. Yes. The book is taken in at 9.30 sharp, a couple of years ago, 9.45; it is brought in sharp to the deputy minister, and then we compare it with the previous day and enter down the names of those who are absent.

Q. You make a record?—A. Of those who are on duty or that they are on leave.

Q. Now, when is that record made of the absentees?—A. Immediately when the book is brought in.

Q. Do you mean the same morning?—A. Exactly. There is nobody allowed to sign the book when once brought in.

Q. I see Mr. Gourdeau's name on this?—A. Yes. The book is usually closed at 9.30; at that time I think it was 9.45. When the book comes in our room it is closed immediately, and the names of any officials who have not signed that book are noted, and then the book is brought in to the deputy minister who signs it. There is no delay in closing the book.

Q. That seems to be a good system of record. The next day he is head of the list again, 8.25.

Hon. Mr. CASSELS.—The early bird gets the worm.

Mr. WATSON.—But he has to go to Quebec to get it, that is the trouble, he has to get there between 8.25 and 10. That is the 3rd of June. Now, take the 4th of June?—A. The 4th was Sunday.

Q. The 5th of June?—A. Mr. Boudreau signed at 8.35.

Q. I see. Take the next day?—A. 6th of June, he signed at 9 o'clock.

Q. That is his writing there?—A. Yes, sir.

Q. His signature?—A. That is his signature.

Q. There are names before and after?—A. Yes.

Q. Then take the next day?—A. The 7th of June he signed at 8.35.

Q. The 8th of June, that last one, the 8th June?—A. Yes, this is the 9th of June.

Q. 9 o'clock. We have the 7th of June at 8.35, then the 8th of June at 9.10?—

A. Yes.

Q. Yes, that is the one we missed. Then the 9th of June?—A. 9 o'clock.

Q. 10th of June?—A. 9 o'clock. Monday, 12th, 9 o'clock.

Q. Then the 13th of June?—A. 8.30.

Q. 14th?—A. 9.05.

Q. 15th?—A. 8.30.

Q. 16th of June?—A. 9.10.

Q. 17th?—A. That is Saturday morning.

Q. Now we can start on this. You have there on the leave list?—A. On leave.

Q. On Saturday?—A. Yes, Saturday morning.

Q. Now, whereabouts is the 19th?—A. Monday morning, 9 o'clock.

Q. That is the record. It is not necessary to go further?—A. That is correct.

(Abstract from attendanace book marked Exhibit 419.)

Q. That is all as far as I know bearing upon this this evening.

Mr. WATSON.—Before this is closed about the Holliday matter I want to ask the deputy and Mr. Spain something about those contracts, my lord. But bearing upon this one particular matter—

Hon. Mr. CASSELS.—I understand.

Mr. WATSON.—I do not know of any other evidence to call. If anybody can suggest any?

Senator CHOQUETTE.—No.

Hon. Mr. CASSELS.—It would be of great moment to have the accountant Mr. VanFelson spoke of. He said he pointed out Mr. Boudreau on this partricular occasion to his accountant and told him to remark the man. I suppose it will come up later on.

Senator CHOQUETTE.—We have nothing more to say. The whole case will come up in Quebec before the court.

Mr. WATSON.—It has got to be understood that his lordship has to make a ruling whether or not this Mr. Boudreau is guilty.

Hon. Mr. CASSELS.—He has either to be exonerated by me or found guilty. I would have thought that would be of very great moment. If Mr. VanFelson is correct at all and there is another man in existence who can verify his statement as to the date Mr. Boudreau was there should be brought here.

Senator CHOQUETTE.—If the court wishes to have him——

Hon. Mr. CASSELS.—I have to deal with this question.

Senator CHOQUETTE.—Certainly. As far as we are concerned he is the only witness.

Mr. WATSON.—Then will you let me have his address?

Senator CHOQUETTE.—Yes.

Mr. WATSON.—Then, my lord, that being so, we will have a telegraph message sent to him to be here to-morrow or Saturday.

Hon. Mr. CASSELS.—Yes. I have to judge this matter and this man's attendance is important.

Mr. VANFELSON.—I saw him in the door on the way up, and he said he would come if wired for.

Hon. Mr. CASSELS.—Well, he had better be wired for as to the conflict of testimony between you and this gentleman.

(Adjourned at 5.15 p.m. to 10 a.m. December 18, 1908.)

OTTAWA, December 18, 1908, 10.15 a.m.

Mr. WATSON.—Mr. Holliday?

Senator CHOQUETTE.—Mr. Lawrence is here, my lord.

Hon. Mr. CASSELS.—Yes, I know.

Mr. WATSON.—I was asking for Mr. Holliday. While he is coming I will call Mrs. Thomas again for a moment, my lord.

Mrs. THOMAS, recalled.

By Mr. Watson:

Q. Mrs. Thomas, will you please look at the book again this morning for June 5, 1905, and let me know the names of the absentees on that day and each of the other days for the week following.—A. Mr. Roberts, Mr. Dubuc, Mr. J. F. Fraser——

Q. You are speaking of the 5th?—A. This is the 5th of June, sir. Mr. Fosbery, Colonel Anderson, Mr. Houde, Mr. Larose, Mr. Rodd.

Q. That is for the 5th?—A. The 6th of June?

Q. Yes.—A. Mr. Dubuc, Mr. Fosbery, Mr. Larose, Colonel Anderson, Mr. B. H. Fraser, Mr. Houde, Mr. Magee, Mr. Morin, Mr. Venning, Mr. Alexander, Mr. Gilbert, Mr. Rochon, Mr. Roberts.

Q. June 7?—A. Mr. Dubuc, Professor Prince, Mr. Larose, Colonel Anderson, Mr. B. H. Fraser, Mr. J. F. Fraser, Mr. Houde, Mr. Magee, Mr. Morin, Mr. Roberts.

Q. June 8?—A. Mr. Dubuc, Mr. B. H. Fraser, Professor Prince, Colonel Anderson, Mr. J. F. Fraser, Mr. Magee, Mr. Houde, Mr. Roy, Mr. Larose.

Q. June 9?—A. Mr. Dubuc, Mr. J. F. Fraser, Mr. B. H. Fraser, Professor Prince, Commander Spain, Mr. Larose, Mr. Magee, Mr. Houde, Colonel Anderson, Mr. Rochon.

June 10?—A. Mr. Dubuc, Mr. B. H. Fraser, Mr. J. F. Fraser, Commander Spain, Mr. Larose, Mr. Magee, Mr. Houde, Mr. Rochon, Mr. Harty.

Q. Monday the 12th?—A. Mr. Dubuc, Mr. Larose, Mr. B. H. Fraser, Mr. J. F. Fraser, Commander Spain, Mr. Rochon, Mr. Magee, Mr. Houde.

Q. I think the book had better be marked. We will not take up time going further into it.

(Attendance book marked Exhibit 420.)

(Attendance sheets marked Exhibits 421 *a* to *f*.)

Q. Now I want to ask you again, Mrs. Thomas, to make it perfectly clear if we can, having regard to the system and to your personal knowledge of the carrying out of the system is it possible that any signature to that book of record might be placed there by the individual the following day or any subsequent day to the date of entry?—A. No, sir.

Q. Is it possible that any one would write the signature of another?—A. No, sir, impossible.

Q. Then I asked you yesterday if you would be kind enough to have some other records made. You have them here, have you?—A. Yes. (Producing.)

Q. You have here then a record of the attendances. What year is this?—A. 1904—three fiscal years.

Q. A record of attendances at the head office first of Commander Spain from July 14 to when?—A. That is from July, 1904, up to April 1, 1908.

Q. I see, that is very full. The same for Mr. Stumbles?—A. Yes.

Q. The same for Mr. J. F. Fraser?—A. Yes.

Q. The same for Mr. B. H. Fraser?—A. Yes, sir.

Q. The same for Mr. A. W. Owen?—A. Yes, sir.

Q. The same for Colonel Anderson?—A. Yes, sir.

Q. And Mr. W. H. Noble, you have prepared it for him as well?—A. Yes.

By Hon. Mr. Cassels:

Q. Mrs. Thomas, this book which shows the absentees also shows the reasons of their absence?—A. In cases where there is no explanation, on business in most cases.

Q. In most cases I see a great number of these gentlemen away from the office were away on duty, is that not so?—A. When they sent us a memorandum—

Q. Take for instance June 5, there are Mr. Dubuc, Mr. B. H. Fraser, Professor Prince, Colonel Anderson, Mr. J. F. Fraser away on duty?—A. When marked they are on official business.

Q. I understand. I only want to get at this, that when they are away they are away on duty or on leave?—A. Yes.

Mr. WATSON.—That is the way I understand it, there is a record whether they were in attendance or absent.

Hon. Mr. CASSELS.—I want to put it so that there may be no misunderstanding against them.

Mr. WATSON.—Yes, my lord.

Q. All these officials who were absent are necessarily absent, sometimes at all events, in the performance of their duties?—A. Yes, sir.

Q. That is incident to the performance of their duties?—A. Yes, sir.

Q. Oh, yes. I did not think there was any misunderstanding about that.

Hon. Mr. CASSELS.—It might go abroad that they were away on leave. I think it is only fair to have it stated fully.

Mr. WATSON.—Yes, my lord. That will do, Mrs. Thomas.

JAMES HOLLIDAY sworn.

By Mr. Watson:

Q. Mr. Holliday, your evidence was given yesterday?—A. Yes, sir.

Q. And since the giving of your evidence Mr. VanFelson has given his testimony. Did you hear it?—A. Yes sir, I heard it.

Q. Now then, I have recalled you, as I understand at your request, that you might have an opportunity of making any further statements that you wish to make in view of the testimony that Mr. VanFelson has given. I will put it more pointedly. Having heard his evidence what, if anything, further have you to say as to whether or not you signed the cheques that he has referred to, the three cheques?—A. Well, I will say this, Mr. Watson, to the best of my knowledge I did not sign those cheques, and unless they can produce them—

Q. Would you like to argue—

Hon. Mr. CASSELS.—If they were produced I suppose you would admit it. That is what you were going to say.

By Mr. Watson:

Q. So far as the signature, the signing of the cheques is concerned, that is the further statement you want to make?—A. To the best of my knowledge I did not sign them.

By Hon. Mr. Cassels:

Q. Surely you would know if you were giving away \$3,000?—A. The only reason to make me hesitate is because Mr. VanFelson tried to impress upon me—

By Mr. Watson:

Q. What?—A. That Mr. VanFelson had been trying to impress upon me I signed them.

Q. He has?—A. Yes, he has several times been behind telling me, 'Don't you remember, don't you remember?' I say I do not remember, and I told him that from the beginning.

By Mr. Cassels:

Q. Mr. Holliday, when we were in Quebec a sheet was taken out, I think page No. 8 if I remember rightly, an absolutely useless thing to do.—A. It was transferred, my lord.

Q. You say transferred. It was transferred to another ledger. You are quite sure now that sheet did not contain entries other than what appear in the new sheet?—A. No, my lord.

Q. I am asking you.—A. No, my lord.

By Mr. Watson:

Q. That is your statement with regard to it?—A. Yes.

By Hon. Mr. Cassels:

Q. You swear to that positively?—A. I swear to that positively, and I would like to make another statement if you will allow me, Mr. Watson.

By Mr. Watson:

Q. Just wait a moment. My recollection is that at Quebec it was a matter of great surprise to you that any leaf had been taken out, that you had no knowledge of it?—A. Yes.

Q. It was not done with your authority and you recognized it was a wrong thing to do that?—A. Well, if it had been taken out for the purpose of trying to hide anything away, yes, it would be wrong. That is what I meant; but I found out afterwards it was transferred to the transfer ledger.

By Hon. Mr. Cassels:

Q. No possible reason could be given why it should be taken out.—A. As soon as the page gets useless in the regular ledger.

Q. The whole of that earlier ledger was useless, it was an earlier ledger than the one to which this was transferred.

Mr. WATSON.—Your lordship will recollect we went over that very fully at Quebec. I do not suppose we can get much more information as to that. It is all of record.

Hon. Mr. CASSELS.—Yes, it is all threshed out. It occurred to me there might be some connection.

WITNESS.—No, my lord.

By Mr. Watson:

Q. Now, having regard to the evidence Mr. VanFelson has given as to the conversation he says took place before noon of that particular day what do you say this morning as to whether that conversation took place?—A. Yes—which conversation?

Q. The conversation in his office on that date?—A. No, I do not believe—

Q. What?—A. I do not believe that took place, I do not believe it.

Q. You do not believe it took place?—A. No.

Q. Well, Just using the words of his lordship a moment ago in regard to another matter, you see it is difficult to follow, to appreciate why a business man would not know as a fact whether or not a conversation of that kind which involved—A. Well, then I will say it did not take—

Q. Listen. Which involved \$3,000 and also involved the commission of a fraud?—A. Yes.

Q. That is a matter that one could hardly understand would be forgotten?—A. Then I say this, it did not take place, so far as I am concerned.

Q. The conversation?—A. No.

Q. The conversation did not take place?—A. And I would like to make a statement, Mr. Watson.

Q. Well, make your statement, then?—A. Yesterday afternoon Mr. VanFelson, in giving his evidence, said that after we had gone to the bank and we looked through the ledgers there was nothing to be found. I suggested to him to go over to a lawyer, that I did. We went together. I told him, 'Mr. VanFelson, you tell your story to the lawyer.' He told him the story, and he said, 'Mr. VanFelson, I would recommend you and Mr. Holliday'—first he asked us if we had any proof. We said no, we had been to the bank, looked through the ledgers and could find nothing. Then the lawyer said, 'Well, if you have no proof, I would recommend both of you not to make any statements you cannot prove, because you are liable to get into trouble and possibly a lawsuit.' And Mr. VanFelson—when we came outside I said, 'Now, are you satisfied?' 'No,' he said, 'that is a threat.' If he looks at it in that light, he is welcome to it.

Senator CHOQUETTE.—It shows he was in good faith, standing on his position.

WITNESS.—That is the position it was.

By Mr. Watson:

Q. Now, on that occasion Mr. VanFelson says the conversation took place he states the name of the official, Mr. Boudreau, was mentioned to you?—A. No.

Q. When did you first hear the name of Mr. Boudreau in connection with the matter?—A. When he told me during the investigation.

Q. What?—A. When he told me, he gave me the name during the investigation.

Q. The sittings at Quebec?—A. The sittings of this commission at Quebec.

Q. Had he ever mentioned any name before?—A. No, sir.

Q. Are you quite sure?—A. I am positive of it.

Q. You had prior conversations with him, you had a conversation, I think you said, before his lordship sat there in commission at Quebec?—A. No.

Q. You did not, eh?—A. No. It was Mr. Gregory in the club a couple of weeks before the commission sat reminded me of something that occurred.

Q. Mr. Gregory did?—A. He reminded me of something that occurred.

Q. He reminded you of something that occurred?—A. He merely told me—yes, I gave that in my evidence.

Q. Yes, you spoke of that?—A. That is in my evidence.

Q. Was any name mentioned then?—A. No, oh no. He merely told me there was no necessity telling me what I knew already.

Q. I see?—A. And I did not know what he was referring to.

Q. That will do.

Senator CHOQUETTE.—On behalf of Mr. Grêgory, may I be allowed to put just a few questions?

Hon. Mr. CASSELS.—Yes.

By Senator Choquette:

Q. Mr. Holliday, you have known Mr. VanFelson since you were boys together?—A. Yes, children. We lived opposite or near each other for 15 or 16 years.

Q. Now, are you prepared to swear here Mr. VanFelson told lies yesterday upon oath when he repeated the conversation he had with you and the signing by you of the cheques, are you prepared—

Hon. Mr. CASSELS.—Mr. Senator, that is on behalf of Mr. Gregory?

Senator CHOQUETTE.—Well, no. It mixes Mr. Gregory with that. He tried to introduce that Mr. Gregory had the money. I want to put that very clear.

Hon. Mr. CASSELS.—I do not think there is any suggestion that Mr. Gregory got it.

Senator CHOQUETTE.—Perhaps not before the court. If the question is not allowed—

Hon. Mr. CASSELS.—I cannot have questions arising in other actions brought out here for the purpose of other actions.

Senator CHOQUETTE.—It is not for that.

Hon. Mr. CASSELS.—I understand that. But you say other places. So far as I am concerned there is no imputation here against Mr. Gregory in any shape or form so far as this charge goes.

Senator CHOQUETTE.—Perhaps for the sake of Mr. VanFelson your lordship might be willing to allow me to put that question that way.

Hon. Mr. CASSELS.—Put the question.

Senator CHOQUETTE.—Answer that question Mr. Holliday?—A. Well, Mr. Senator, I am on oath and I have just given my answer to Mr. Watson.

Q. Are you prepared to swear—A. I have given my oath and consequently I have given my answer, and that is all I have to say.

Hon. Mr. CASSELS.—I think that is sufficient.

Senator CHOQUETTE.—Now, Mr. Holliday—I had another question on my mind, I suppose it was about the same thing.

Hon. Mr. CASSELS.—That will do. You see, Mr. Senator, I ruled that only officials could be represented by council. This would become interminable otherwise.

Senator CHOQUETTE.—I understand exactly the position.

Hon. Mr. CASSELS.—As far as I am concerned, I am here to protect these officials in every possible way. I do not want to see them guilty if it is possible to acquit them.

HARCOURT H. LAWRENCE, SWORN.

By Mr. Watson:

Q. Mr. Lawrence, you are living in Montreal, I believe?—A. Yes, sir.

Q. What is your business there?—A. Up to the first of December I was with the Eastern Townships Bank. At present I am considering other business propositions.

Q. Yes.

By Hon. Mr. Cassels:

Q. In what bank?—A. The Eastern Townships.

Q. In Montreal?—A. In Montreal.

By Mr. Watson:

Q. In the summer of 1905, where were you?—A. In the summer of 1905, I was in several places, I was in Québec, Sherbrooke, Waterloo.

Q. Were you in the Peoples Bank?—A. 1905, yes, sir.

Q. Were you in the Peoples Bank then?—A. Yes. Up to either the 5th or 6th of June, I was in the Peoples Bank.

Q. I see, either the 5th or 6th of June?—A. Yes, sir. I have my resignation from the Peoples Bank.

Q. Have you got any record here showing the date?—A. (Witness produces letter.)

Q. You produce a letter?—A. Signed in Halifax on the 3rd of June. I went with the Eastern Townships Bank.

Q. I am looking at it. This is a letter written in Halifax, my lord, from the general manager of the Peoples Bank to the witness informing him his resignation has been accepted. (Letter marked Exhibit 422.)

Q. The 3rd of June. Let me see the envelope?—A. I have not the envelope.

Q. This is informing you your resignation from the service of the Peoples Bank is accepted. What day did you receive this letter? I suppose the next day, would you not?—A. No, it takes 24 hours as a general rule for the mail to come up.

By Hon. Mr. Cassels:

Q. The morning of the 5th it would reach you possibly?—A. Possibly, if you tell me what day the 5th was on.

By Mr. Watson:

Q. The 5th, Mr. VanFelson has shown, was on a Monday?—A. Then I possibly left on Monday evening, either Monday or Tuesday for Sherbrooke.

Q. You say possibly. I understand having this record that you are—A. Do you wish to retain that record?

Q. No, no. It will be marked and given back to you?—A. I may require it.

Q. You remember distinctly that upon receipt of that letter or the same day I assume you quit the bank?—A. I quit the bank as soon as I was relieved. There was a clerk—of course, in the service they required to have a Halifax man or a man who knew the routine of the business to replace me.

Q. Let us get at it as a fact, if we can. Assuming you received that letter on Monday morning, the 5th June, can you say whether or not you left that day?—A. Whether I left the 5th of June or not, I cannot say positively or not. I left the 5th or 6th.

Q. But it was either one or the other?—A. One day or the other.

Q. Either the 5th or 6th?—A. Either the 5th or 6th.

Q. There is no doubt about that?—A. There is no doubt about that from my records.

By Hon. Mr. Cassels:

Q. What records are you speaking of?—A. I have a memo. of when I entered the Eastern Townships Bank.

By Mr. Watson:

Q. Let me see it?—A. I haven't it with me.

Q. You have referred to that?—A. Yes.

Q. You entered the other bank what day?—A. The 6th of June.

Q. You were actually on their list engaged on the 6th of June?—A. I go my list from the 1st of June.

Q. Whereabouts were you stationed in the Eastern Townships Bank?—A. I was at Sherbrooke a few days.

Q. You were there you say at Sherbrooke?—A. Yes, sir.

Q. So that on the 6th of June you were at Sherbrooke, is that right?—A. From what I can remember by my records.

Q. I see, that is right. How far is Sherbrooke from Quebec, about how far?—A. A six-hour ride.

Q. Thank you.

By Hon. Mr. Cassels:

Q. Is it as far as that, six hours by the Quebec Central?—A. I went by the Grand Trunk, sir.

Q. You go to Richmond on that and down, I suppose?—A. Yes.

By Mr. Watson:

Q. After you left the bank I assume you did not return to it, that is the People's Bank?—A. No, sir, I did not, there was no bank to return to.

Q. So you were not there after that date?—A. No, sir.

Q. Did you see Mr. Holliday in the bank often?—A. Yes, quite often.

Q. Quite often?—A. Quite often.

Q. You could not tell, I suppose, how often? You were the accountant?—A. I was the accountant.

Q. Accountants, I understand, keep their noses to the grindstone pretty closely, don't they?—A. In what way do you mean.

Q. The books, I mean?—A. Yes.

Q. I mean to say you are not one of the onlookers.

Hon. Mr. CASSELS.—My experience is that accountants have a pretty easy time until towards the end of the day. It is the teller and the ledger clerk who have to keep their noses to the grindstone.

Mr. WATSON.—I thought the accountant.

Hon. Mr. CASSELS.—He is very busy towards the end of the day.

Mr. WATSON.—Well then, during the—

Hon. Mr. CASSELS.—I think that is correct?—A. It has not been my experience of having an easy time, and I have been at the game for a few years.

By Mr. Watson:

Q. Been up to what?—A. Banking a few years.

Q. I thought you said a game, is that what you called it?—A. That is using an expression.

By Hon. Mr. Cassels:

Q. What I meant, Mr. Lawrence, was this, that while there is a great deal of work to do and so on, you are not tied down in your own place the same way the teller is, you can move around?—A. It happened, Mr. Cassels—your lordship, that this was a peculiar position, I had to do a lot of wicket work as well as my regular work; although I had the title of accountant, I had to do clerical work as well.

By Mr. Watson:

Q. You had. Then about how often were you in the habit of seeing Mr. Holliday there, say during the month of May, 1905, can you tell at all?—A. It is very hard work to make any estimate, any assertion.

Q. Very hard?—A. Yes. He may possibly come in every day, sometimes twice a day, sometimes three times.

Q. And sometimes he might not come in at all?—A. He might not come in at all.

Q. So you could not trace it up?—A. I could not.

Q. What I want to know is, during any day in the month of May, 1905, can you speak of any particular occasion or conversation in the month of May, 1905?—A. Conversation in reference to what?

Q. With Mr. Holliday?—A. No.

Q. Or with anyone else during that month of May, 1909? I suppose it would be pretty difficult to answer.—A. It is a very difficult question to ask me, I come in contact with so many people.

Q. It is not a difficult question to ask; it may be a difficult one to answer.—A. Yes.

Q. As a matter of fact, I just want to know if you have in mind now as a matter of recollection any particular occasion with any particular person during the month of May, 1905?—A. Yes, I have several.

Q. Have you?—A. Yes.

Q. In respect to banking matters?—A. In respect to banking matters, yes.

Q. Anything with regard to Mr. Holliday during the month?—A. No, unless it referred to an overdrawn account.

Q. Well, I am not asking you to reason, I am just asking if as a matter of actual recollection you can refer to it?—A. I often went over overdrawn accounts with my manager.

Q. I know. I am not speaking of that.—A. And we had conversation about it, we often went into details about it.

Q. I am not asking about the system at all or any process of reasoning. I want to know if you have any recollection of any distinct fact or act of yours in regard to Mr. Holliday during May, 1905. If so, when and where?—A. No, I do not know, I can't recollect.

Q. That is the answer. May, 1905, you have not. And I suppose that would apply to April and March before that as well, would it?—A. Possibly.

Q. Possibly. I see. And does that apply also to the month of June, 1905?—A. Yes.

Q. It applies also to the month of June, 1905. So if I understand you in June, 1905—of course, you were only there five days, possibly the morning of the sixth—you have no recollection of anything occurring in regard to Mr. Holliday's account or Mr. Holliday's matters: is that right?—A. That I have no—

Q. Have you any recollection of any act or conversation being done or occurring affecting Mr. Holliday or his account during the first six days of June, 1905?—A. I do not know directly, but I surmise things.

Q. Oh, you do not know directly?—A. No.

Q. I see, you do not know directly. You say it is a matter of surmise?—A. Yes.

Q. And when did the surmise arise?—A. When this inquiry came up.

Q. Oh, I see, when this inquiry came up; and not until then?—A. Not until then.

Q. That came up here at Ottawa within the last couple of days?—A. No, Quebec.

Q. At Quebec. The surmise then first came to your mind during that inquiry at Quebec: that is what you say, is it?—A. Yes, of past—the surmise came to me at Quebec of past transactions.

Q. Of past transactions. Well, you see, I have been asking you—you have in mind, of course you are following my questions?—A. Yes.

Q. About the month of May, 1905, and about the month of June until the time you had left, you have not told me anything so far that would create or lead to a surmise, you said there was not anything you recollected: is that right?—A. I said not directly.

Q. Not directly. Well, what is the indirect matter?—A. Transactions that went on in the institution.

Q. In the institution?—A. In the bank, in our office.

Q. Transactions that went on in the bank?—A. Yes, in our office.

Q. Tell me the first transaction to which you now attach a surmise which occurred in the month of May, 1905?—A. Well, it is pretty hard for me to say it occurred in the month of May without having the records before me, but what I am referring to is several discounts that were made for Mr. Holliday.

Q. I see, several discounts that were made for Mr. Holliday. Then does your surmise arise by reason of those discounts?—A. No, it is from the evidence I have heard.

Q. Oh, from the evidence you have heard here?—A. Yes.

Q. So that the evidence you have heard as having been given before his lordship has created the surmise?—A. Yes, sir.

Q. And that is the basis of the surmise?—A. That is the basis of the surmise.

Q. Is there any other basis than that for the surmise?—A. Not that I know of.

Q. Then do I understand that you have or have not any recollection of seeing

Mr. Holliday in the bank in June, 1905?—A. I could not say positively.

Q. Have you a recollection of seeing anyone else in the bank during May or June, 1905, in connection with the Holliday account or Holliday moneys?—A. Yes, I have seen the bookkeeper.

Q. His bookkeeper?—A. Yes.

Q. Anyone else than the bookkeeper?—A. I cannot answer that question.

Q. You cannot answer. You cannot remember you mean, is that right?—A.

Well, because you put the words 'in connection with the Holliday moneys.'

Q. Well, I mean in connection with his bank account or the withdrawal of moneys from his account or in connection with the payment of any moneys by Mr. Holliday?—A. No, I could not positively say.

Q. You cannot recollect?—A. I could not positively say.

Q. Did you see anyone from outside of Quebec, anyone outside of his office, outside of Mr. Holliday's or Holliday Brothers' office, in connection with his affairs or his accounts or his moneys during June, 1905? I understand your answer covers that?—A. My answer covers that.

Q. Your answer covers that, I see.—A. Not in connection with Holliday.

Q. Eh?—A. Not in connection with the Holliday account.

Q. Is there anything in your mind not covered by my question and your answer?

—A. Well, I don't know there is, nothing in my mind at present.

Q. Nothing in your mind at present, I see. Of course, it won't be much use to us?—A. Later on.

Q. Later on?—A. No.

Q. Is that all you know about the matter, have you told everything and anything you know with regard to his bank account and the withdrawal and payment of moneys; is there anything of any special character you know of?—A. Well, I have paid out authorized amounts to be paid out at different times, but I don't know what happened with the amounts.

Q. Did you ever see Mr. Boudreau in the bank?—A. Yes, sir.

Q. Eh?—A. Yes, sir.

Q. Mr. Boudreau in the bank in connection with the Holliday accounts or moneys?—A. I do not know anything about what it was in connection with.

Q. You do not know anything about what it was in connection with?—A. No.

Q. When did you first see him in the bank, that is the People's Bank at Quebec?—A. I cannot positively state the date.

Q. You cannot state the date?—A. No.

Q. What month was it?—A. It was a short time before I left the service of the Peoples Bank of Halifax.

Q. What month was it?—A. It was either towards the end of May or the beginning of June.

Q. Either towards the end of May or the beginning of June?—A. Yes, sir.

Q. What day of the week was it?—A. I cannot say, sir.

Q. What time of the day was it?—A. It was after nine and before twelve.

Q. Well, now, that is not quite—A. Well, you cannot—

Q. That is as far as you can go, at all events?—A. That is as far as I can go.

Q. After nine and—A. 12 noon.

Q. Oh, I beg your pardon. I thought you said before four. After nine and before 12 o'clock?—A. Noon.

Hon. Mr. CASSELS.—Between 9 and 12.

Mr. WATSON.—Yes, between 9 and 12.

Q. Have you since you came here to Ottawa refreshed your recollection by conversation with anyone with regard to the dates?—A. Yes.

Q. Conversation with whom?—A. With Mr. VanFelson.

Q. Oh, Mr. VanFelson. With anyone else?—A. No, not that I know of.

Q. I want to know, have you talked with Mr. Boudreau about it?—A. No.

Q. Are you quite sure?—A. Positive. The first time I saw Mr. Boudreau was in the court house this morning.

Q. You have not talked with any person except Mr. VanFelson?—A. I have not talked with any person except Mr. VanFelson.

Q. Then will you undertake to say that it was after the middle of May as distinguished from the earlier part of May?—A. I told you before, sir, I could not make a statement of the exact date.

Q. What makes you recollect having seen him in the bank?—A. First of all, when Mr. Boudreau was going out of the manager's office he came over and said, 'How do you do?' to me.

Q. Came to you?—A. And said, 'How do you do,' to me.

Q. Mr. Boudreau did?—A. Mr. Boudreau did.

Q. Where were you when he said that?—A. I was at the accountant's wicket.

Q. Yes, at the accountant's wicket?—A. Which was beside the manager's office, the first wicket from the manager's office.

Q. Yes, I see. What did he say to you?—A. 'How do you do.'

Q. And what did you say?—A. I put out my hand to shake hands with the gentleman.

Q. You shook hands. Did anything else occur between you?—A. Nothing whatever.

Q. Just that salutation between you?—A. Just an ordinary salutation.

Q. Had you known him?—A. Yes, for several years previous.

Q. Where, here at Ottawa?—A. No. I knew him when he was at the Molson's Bank in Fraserville.

Q. How does it come you recollect a passing incident like that, because, I suppose, you get that same 'how do you do' 50 times a day?—A. For the simple reason, when this gentleman went out Mr. VanFelson came out to me.

Q. What do you mean by saying, 'this gentleman'?—A. Mr. Boudreau.

Q. Yes. When Mr. Boudreau went out?—A. Mr. VanFelson came out to me and told me to remember that gentleman. I told him I knew him.

Q. He told you to remember that gentleman?—A. Yes, sir.

Q. And what did you say to him?—A. I told him I knew him.

Q. What else?—A. That is all, sir.

Q. That is all?—A. At least, that is all I can—

Q. All you can recollect?—A. All I can recollect of the conversation.

Q. He told you to remember that gentleman. Nothing else said at all by Mr. VanFelson or by you at that time?—A. Not that I can remember in reference to that particular incident. There might have—

Q. Was that out of the way, unusual?—A. Yes, it was very unusual.

Q. Yes, very unusual. Did you think of it the next day?—A. I don't know I thought of it the next day.

Q. Have you ever thought of it since until you heard of this evidence?—A. Why yes, I have on several occasions.

Q. On several occasions you have thought of it since, I see. Have you any idea what the reason was—did you at the time have any idea what the reason was for that remark?—A. Well, I was under the impression that probably there was some banking transaction going on, and our manager wanted me to remember that this party had been in the office for proof or some other reason. I presume that is the only reason they would want you to remember a person for.

Q. Did that occur to your mind at the time?—A. Yes. The fact of a man telling you to remember is sufficient for any ordinary common sense man in my position to remember.

Q. I see. Did you make a note of it at the time?—A. No, sir. If I had I would have the date.

Q. Yes. What is your best recollection, whether it is in May or June?—A. I cannot make a statement about that.

Q. Is that all? Did you see Mr. Boudreau again at any other time in that bank?—A. Yes, he was back in the afternoon.

Q. Yes?—A. After Mr. VanFelson had his lunch.

Q. He was there?—A. I beg your pardon?

Q. You say he was there?—A. He was back at the bank after Mr. VanFelson went to lunch, after Mr. VanFelson came back to the office Mr. Boudreau came in again. Mr. VanFelson usually went for his lunch at a quarter past twelve and came back anyway between half-past one and two o'clock.

Q. How do you remember that?—A. Through this coincidence in the morning.

Q. Yes. How long was he there that time?—A. It is hard to say, sir.

Q. Hard to say?—A. I could not say how long he was there. He just paid him an ordinary visit the same as any other person going into the manager's room. I presume about five minutes, although I could not say how long he was there.

Q. Have you any knowledge of what took place while he was there?—A. Not directly, although I surmised what took place.

Q. You surmised?—A. Yes.

Q. Did the surmise arise in your mind by reason of anything you heard or saw?—A. Yes.

Q. What did you hear?—A. I heard—what did I hear?

Q. Yes?—A. Well, I knew there was some money transaction.

Q. I did not ask you what you knew. I asked you what you heard?—A. Well, do you mean in reference to conversation?

Q. No. You said then you had a surmise. I say what did you hear that led to that surmise?—A. Well, I heard a remark from the manager in the morning that he was going out to get some bills.

Q. You heard what?—A. That he was going out to get some bills.

Q. In the morning?—A. Yes, after Mr. Boudreau had left.

Q. Yes. To whom did he make that remark?—A. To me, as I was second in charge.

Q. What did he say?—A. He was going out to get some bills, which I presume were large bills.

Q. Why do you say you presume they were large bills?—A. For the simple reason we had bills up to twenties and we did not carry large bills.

Q. Yes. Anything else? That is what you heard him say, he was going out to get some bills?—A. Yes.

Q. Anything else you heard?—A. No, no.

Q. Then what was it, if anything, you saw that would create or cause the surmise?—A. I saw the bills when they were brought back.

Q. Where did you see them?—A. In the manager's hand.

Q. Was he carrying the bills about, showing them?—A. No, not necessarily.

Q. Not necessarily. But as a fact how did you happen to see them in his hands?—A. Because he came up and showed them to me.

Q. He showed you the bills? What denominations were they?—A. I could not say. They were over twenties.

Q. Oh, but he showed them to you?—A. You can see a package of bills and not say what denomination they are.

Q. How do you know they were over twenty?—A. For the simple reason if they had not been over twenty he would have got them from ourselves.

Q. That is a matter of reasoning.

By Hon. Mr. Cassels:

Q. Were the bills left with you?—A. No, sir, they were not.

By Mr. Watson:

Q. What did he show them to you for?—A. Why he should show them to me.

Q. Yes?—A. Because it was I presume he wanted to. He had no particular reason I know to show them to me. He often showed me things.

Q. Often showed you things?—A. That is showed me documents and other things that did not directly interest the bank.

Q. Would that be the usual thing, he would come up and show you some bills?—A. Yes, he would.

Q. I see, quite a usual thing to come up and show you bank bills he had. Were they new, fresh, just printed, or were they old bills?—A. I could not answer that question, sir.

Q. Were they shown to you by reason of anything peculiar about the bills, their being old or new?—A. No.

Q. Just ordinary bills?—A. I presume they were ordinary bills.

Q. You presume they were, I see. What did he say when he showed you the bills?—A. I don't know he said anything.

Q. You don't know he said anything. Well, that was rather an interesting occasion, was it not, the manager of the bank coming out to the accountant and showing him some bills? He said nothing, turned round and went away; you said nothing: is that the way it was, is that the occurrence?—A. I may possibly have passed a remark.

Q. I know possibly?—A. I don't know I did.

Q. You may possibly have passed a remark. Let us get away from possibilities down to the facts, if you recollect them?—A. Not that I recollect.

Q. That is all you recollect?—A. That is all I recollect.

Q. Then what next happened after he showed you that, what else was there you saw that led to the surmise—we have got past the hearing part—what else did you see that led to the surmise?—A. I don't know I saw anything else, sir.

Q. Did he speak to you again that day, that is Mr. VanFelson, about this matter?—A. Not that I know of, sir.

Q. Not that you know of. Did he ever speak to you about it again after that time?—A. Yes, he spoke to me about it this morning.

Q. This morning. Any time before this morning?—A. Yes.

Q. When?—A. A few days ago in Montreal.

Q. A few days ago in Montreal, I see. Was that the first time?—A. Yes, sir.

Q. The first time. So that you went over it with him in Montreal a few days ago, then again last night?—A. No, I did not go over it with him in Montreal or last night.

Q. He spoke to you about it?—A. I mean to say he came to find out if I were the party who was there, because he did not know whether Mansfield or myself was in charge.

Q. Is that what he said?—A. That is what he said.

By Hon. Mr. Cassels:

Q. Who is Mansfield?—A. He is with the Bank of Montreal, he is the gentleman who relieved me.

By Mr. Watson:

Q. Yes. And was he able to identify you?—A. Mr. VanFelson.

Q. Yes?—A. He has known me from my infancy.

Q. When he saw you did he know you, or did he ask you whether it was you?—A. He did not need to ask me for the simple reason when I saw this coming up I knew what was going on.

Q. I thought you said he came to you to see if you were the man?—A. To see if I was the man down there. As soon as he started—

Q. That is all right. And then I suppose you had a little chat with him about it, and after that you had no chat until last night and then this morning: that is it, is it?—A. We had breakfast together. We were talking over several things.

Q. Yes?—A. I don't know we referred to this particular incident this morning, not that I recollect.

Q. So this morning there was no talk between you and him about it?—A. Not that I remember.

Q. Not that you remember. You think you could remember what conversation took place this morning?—A. We were talking about lots of things this morning.

Q. As a fact, then, you do not remember whether there was any talk about this this morning: that is right?—A. Yes, sir.

Q. You do not remember whether there was any talk about it with him this morning?—A. No—well, there was this morning, because it was morning when I got in here.

Hon. Mr. CASSELS.—Mr. Watson is talking of the conversation at breakfast, as distinguished from the other.

By Mr. Watson:

Q. Then, what else, if anything, do you remember or know of in regard to the matter?—A. In regard to this special matter?

Q. Yes?—A. I remember the bank making advances to several parties. My mind has been refreshed since I read the evidence, it has been brought to my mind.

Q. Yes. What parties?—A. J. U. Gregory.

Q. Yes?—A. And the Slade Electric Company.

Q. Yes. We are not getting off now onto other people's business. I am speaking about this business in connection with the Holliday account?—A. Oh, the Holliday account. I don't know I remember, at least I don't know I can enlighten you any more.

Q. You do not know you can say anything more about it than that, is that right?—A. Yes, sir.

Q. Do you recollect anybody else you saw in the bank the same day that you saw Mr. Boudreau? I am sorry I made you smile so much?—A. I can't remember, at least I cannot make a statement of that sort, sir.

Q. You cannot make a statement?—A. No; for the simple reason—

Q. I just wanted to see your recollection. You do not recollect anybody else now. Then do you know what bank bills they were?—A. No, sir, I cannot say positively what banks they were.

Q. Did they come out of your own bank, the People's Bank?—A. They did not come out of the People's Bank.

Q. How do you know that Mr. VanFelson did not get them from the teller that same morning? Will you swear he did not?—A. I will swear he did not.

Q. Why do you swear that?—A. Because I would have noticed it when checking the cash at night.

Q. I see, when checking the cash at night. Then, as a matter of recollection, can you undertake now, three years and a half after the occasion, to say you would have known if \$3,000 was taken out of any particular account that day—as a matter of recollection?—A. \$3,000 in bills. If it were a cheque and was not cashed, I probably would not remember it, but if cash taken out of the teller's box, with a certain reminder I would have got in the morning, I certainly would remember it.

Q. A certain what?—A. Reminder to remember a certain party; I would put things together and surmise something.

Q. Was there anything occurred that day to connect Mr. Boudreau with Mr. Holliday or Mr. Holliday's account?—A. Not that I know of.

Q. Did you see Mr. Holliday in the bank that day?—A. I said before I could not remember whether he was in or not.

Q. Then, is there anything else you can state?

By Hon. Mr. Cassels:

Q. How long were you at Sherbrooke after you went up on June 5 or 6, how many days did you remain in Sherbrooke?—A. For one or two days.

Q. Then where did you go to?—A. To Waterloo, Quebec.

Q. Did you go straight from Sherbrooke to Waterloo?—A. Yes, sir.

Q. How long were you there? What I want to get at is, you were not in the office of the People's Bank?—A. No.

Mr. WATSON.—He said that.

Hon. Mr. CASSELS.—I thought, passing through he might look in.

By Mr. Watson:

Q. You were not there?—A. No. The People's Bank of Halifax was closed somewhere about the commencement of August.

Q. Well, I have been requested to ask you a further question, if you know what Mr. VanFelson did with the bills, of your own knowledge?—A. No, I do not know what he did with the bills.

Q. You saw him have them in his hand?—A. Yes, I saw him with the bills in his hand.

Q. Which hand?—A. Naturally the right hand; it might have been his left.

Q. That will do.

Hon. Mr. CASSELS.—Mrs. Thomas, I want to ask you a question, please.

Mrs. THOMAS, recalled.

Hon. Mr. CASSELS.—Will you look at your time book. On Saturday, May 13, you will find Mr. Boudreau's name there.

Mr. WATSON.—That is the same year, my lord.

WITNESS.—No, your lordship, it does not appear to be here

By Hon. Mr. Cassels:

Q. Do you find his absence accounted for?—A. No.

Q. Who signed the book that day?—A. The deputy minister.

Q. Colonel Gourdeau?—A. It must be a clerical error.

Q. A clerical error. I am asking you for an answer to the question, not to give an explanation. Who is there on the 12th and the following Monday?

Senator CHOQUETTE.—What day is the 12th?

Hon. Mr. CASSELS.—Saturday, May 13.

Senator CHOQUETTE.—He was away.

Hon. Mr. CASSELS.—He was away and not accounted for. You do not want this letter of Mr. Lawrence's accepting his resignation?

Mr. WATSON.—No, I would like to have a copy of it made.

Q. Now, Mrs. Thomas, having regard to what you said about the system and the invariable course pursued, it would appear that you were somewhat in error?

Hon. Mr. CASSELS.—Not necessarily, Mr. Watson. We will assume that book is absolutely correct.

Mr. WATSON.—In error, at all events, in regard to this day, May 13.

Hon. Mr. CASSELS.—In regard to the absentees.

Mr. WATSON.—Quite so, the names of the absentees, because, as his lordship points out, on that day, May 13, Mr. Boudreau's name is not signed?—A. No, he does not sign.

Q. He was therefore not there, I assume?—A. He may have been there and not signed the book; he may have been late.

Q. Can you give any explanation?—A. I cannot. It must have been an error.

Hon. Mr. CASSELS.—Explanations are put in when a man is late and almost everything.

By Mr. Watson:

Q. Yes. We have here a dozen absent, and there is no reference to his absence, either to his attendance or his absence, that is the position of the matter. So the record is not an accurate record for that day?—A. Evidently not.

Q. That is correct, is it not? Now, the question arises, what explanation, if any, have you to make?—A. I have none to make.

Q. You cannot account for it?—A. It must have been simply a clerical error.

Q. This is signed, as his lordship shows, by the deputy?—A. Yes.

Hon. Mr. CASSELS.—You might put in evidence that he was there the previous and subsequent day.

Mr. WATSON.—I will just show that. On May 12 his name is here?—A. Yes.

Q. 9.25.

Hon. Mr. CASSELS.—He was back again on Monday.

Mr. WATSON.—And the day before that, May 11. Then, take May 14, he was there that day—no, May 15?—A. Sunday, the 14th.

Q. The 14th was a Sunday?—A. Yes.

Q. May 15, 8.35. Let me ask you this, when they are not there and not on duty, do they get paid?—A. If they are on leave of absence they certainly get paid, or if ill and they furnish a doctor's certificate.

H. H. LAWRENCE, recalled.

By Mr. Watson:

Q. I have been asked to put a question to you. The bank closes on Saturdays at 12 or 1 o'clock?—A. At present it closes at 12. I am not positive whether it closed at 1 or not then.

Q. Either 12 or 1?—A. On Saturday there are generally a few clerks there until 3 o'clock to receive notaries.

J. B. A. BOUDREAU, recalled.

By Mr. Watson:

Q. I am informed you have asked that some gentleman, Mr. Dosreau, should be called.

By Hon. Mr. Cassels:

Q. Dube?—A. I don't think so.

By Mr. Watson:

Q. Is there any one you want to call?—A. I don't think so.

Q. I am asking you this because I see Mr. Laflamme is not here this morning?—A. No.

Q. Is there any other evidence you want to have called before his lordship, any other evidence that you know of?—A. No, I do not see any necessity for it.

Q. Now, since you gave your evidence, Mr. Lawrence has given his evidence—you have heard it—and he says that sometime during the latter part of June, he thinks the latter part of May or the early part of June, he saw you in the bank, that you addressed him—that is the People's Bank at Quebec—by this salutation. What do you say to that?—A. I say I was not in Quebec neither during May nor June to the very best of my recollection, and if Lawrence made that statement, he was likely influenced by VanFelson.

Q. Well, we had better not—I just wanted to know the fact, what your evidence is, whether or not you were there?—A. I was not.

Q. That will do.

Mr. WATSON.—Your lordship will recollect yesterday there was a letter of the 27th October by the deputy to Mr. Gregory which was not then on the file.

Hon. Mr. CASSELS.—That is 1904.

Mr. WATSON.—Yes, my lord. That letter reads as follows (reads letter). Then there is another letter of October 11 that we received this morning from the department, signed by the deputy minister and initialled by Mr. Spain, and addressed to Mr. Gregory (reads letter). Here is the answer of Mr. Gregory to the deputy minister dated 21st October (reads letter).

(Letter from Colonel Gourdeau to Mr. Gregory, dated October 11, 1904, marked Exhibit 423.)

(Letter from Mr. Gregory to Colonel Gourdeau, dated October 21, 1904, marked Exhibit 424.)

(Letter from Colonel Gourdeau to Mr. Gregory, dated October 27, 1904, marked Exhibit 425.)

COLONEL F. GOURDEAU, sworn.

By Mr. Watson:

Q. Colonel Gourdeau, you have been here during the sitting of his lordship in Commission yesterday and to-day—A. Part of the time.

Q. It is a fact a definite contract was made by correspondence with Holliday Brothers for the chartering and use of the *King Edward* at \$125 a day?—A. The file—

Q. Do you recollect that?—A. No. The file would show that. I would not recollect that, I have not been in touch with the department since 1st of April last.

Q. You would not recollect that fact?—A. No.

Q. The correspondence, I see, was with you directly?—A. Certainly, but I would not know that it was without looking over the file and verifying the thing, without doing that I would not undertake to say.

Q. Well, we find that such a contract was made. Was that in the ordinary and regular course of business of the department?—A. For the contract to be made

Q. Yes.—A. Yes.

Q. It was?—A. Yes.

Q. What would you want to make a contract for?—A. Oh, to settle the obligations on both sides.

Q. I see, that is the object of it?—A. Yes.

Q. As you would expect, of course, to settle the obligations on both sides?—A. Yes.

Q. So that the matter would not remain open to be determined?—A. Yes.

Q. Now, I find by the correspondence that before that contract was made Holliday Brothers by letter asked for a larger sum, that is they asked for \$200 a day.—A. For the *King Edward*?

Q. For the *King Edward*?—A. Yes.

Q. And after that was refused to them, \$125 a day was fixed upon. That would be a matter of consideration?—A. Yes, certainly.

Q. And no doubt your best judgment upon the matter?—A. Yes.

Q. Now, this correspondence—

Senator CHOQUETTE.—My lord, will you allow me just to make an application? Mr. Odell is here from Quebec and has been since Tuesday night. His evidence will only take a short time, and I will apply to have him called now so that he may get away at two o'clock. I am sick myself and I want to go home.

Hon. Mr. CASSELS.—What time does the train go.

Senator CHOQUETTE.—Half past three.

Mr. WATSON.—You will have plenty of time.

Senator CHOQUETTE.—Will you take him? I have no questions to ask him at all.

Hon. Mr. CASSELS.—Will you see that is done, Mr. Watson? The Senator wants to get away too.

Mr. WATSON.—I will facilitate him in every reasonable way.

Hon. Mr. CASSELS.—If you can call Mr. Odell and let him get away.

Mr. WATSON.—Certainly, as soon as I get through with the deputy minister.

Q. Here is a letter of August 1st, 1904—

Hon. Mr. CASSELS.—The original contract is the 31st May and 2nd of June, these two letters.

Mr. WATSON.—Yes. On the 31st May a letter was written by you to Holliday Brothers, saying: 'In reference to the chartering of the steamship *King Edward* for the purpose of making the necessary changes in fog alarm stations and building electric stations on shore for submarine bells and locating the bells, I have to inform you that this department is prepared to charter the vessel from you for the sum of \$3,750 per calendar month—A. How much per month, \$3,000.

Q. \$3,750 per calendar month.—A. For what time? Not per month?

Q. Per calendar month.

Hon. Mr. CASSELS.—\$125 per day.

Mr. WATSON.—You to supply captain and necessary officers and crew, etc., and that offer was accepted the 31st May—

Hon. Mr. CASSELS.—The 2nd June is the letter of acceptance.

Mr. WATSON.—Yes. This is from Holliday Brothers. 'We now beg to confirm our verbal agreement of yesterday, *re* chartering of above vessel for period of four months dating from the time she commences taking cargo on or about June 20 at the rate of \$125 per day, we to provide everything necessary for the running of the vessel. As agreed, of course, the vessel will be allowed to land her mails, etc., at certain times when going to and from points she may be ordered to by your department, which may detain her a few hours. Thanking you in anticipation,' etc. Then that was accepted on June 2. That is the proposition contained in your letter of May 31. 'We beg to acknowledge receipt of your favour of May 31 *re* chartering of steamship *King Edward*, which proposition we are pleased to accept. As stated in our letter of May 30, we expect to be allowed the privilege of landing our mails, etc., at Natashquan at certain times whilst the steamer is doing service for your department. The delay, as we mentioned, will be but a few hours. Thanking you for your kind consideration of our tender, etc.' That was a regular contract made for \$125 a day?—A. Yes.

Q. Now, will you explain Colonel Gourdeau how it came about that having made that contract another contract was subsequently made and acted upon at a rate of \$200 a day?—A. I could not remember that. I would like to read the file.

Q. You could not remember?—A. No, I could not remember.

Q. It appears by correspondence—A. There must have been some—

Q. Just wait, please; that an application was subsequently made by Holliday Brothers for an increase, and that you then wrote to Mr. Gregory referring to that application for an increase and asking him to consider it?—A. And report.

Q. And report; and if he thought it reasonable, then that he was to certify the accounts for the increase?—A. Yes.

Q. Was that in the ordinary course of business?—A. If reasons had been given to increase that it would certainly be left to the agent to make a report upon.

Q. If reasons had been given?—A. Yes.

Q. Well, the reason given was that the men wanted more.—A. Well, I could not give any opinion or give any satisfactory answer without looking over the file.

Q. You could not, eh?—A. No, I could not. I know the department—

Q. You see, Colonel Gourdeau, and we are asking you as in your former capacity of Deputy Minister, you had the responsibility of these matters?—A. Certainly.

Q. At that time?—A. Yes.

Q. You see, first we have the important promise of a contract made at a specified rate.—A. Yes.

Q. Now, the record shows that was departed from upon the request of Holliday Brothers, and that when that request was made you, as Deputy Minister, wrote to the local agent?—A. Yes.

Q. Asking him if he thinks it reasonable that an increase should be made over the contract price, and if so he is to certify the account of the increased rate. Of course, that strikes one as being very extraordinary, does it not?—A. It does on the face of it, but I would like to examine the file.

Q. You would?—A. Yes.

Q. Then will you be kind enough to do so immediately so that we can follow it up?—A. Yes.

Hon. Mr. CASSELS.—Then call Mr. Odell.

Mr. WATSON.—Mr. Odell.

ERNEST G. ODELL, sworn.

By Mr. Watson:

Q. Mr. Odell, you were unfortunately absent when the commission was in Quebec, that is during the last day or so of the sitting?—A. The last day, sir.

Q. What relation are you to Mr. Gregory?—A. Grandson, sir.

Q. You are quite a young gentleman.—A. Twenty-three, sir.

Q. And were you in Mr. Gregory's office?—A. No, sir.

Q. At any time?—A. Oh, yes.

Q. As employee?—A. No, sir.

Q. Not as employee. You were engaged in business with Mr. Ritchie?—A. I am now, sir—Well, yes, we work together more or less.

Q. You work together more or less?—A. Yes, sir.

Q. I thought you were interested with him in the business?—A. Yes, sir, I am.

Q. That is it, I see.—A. I handle some of his goods.

Q. And what is his business?—A. He is in the contractors' supplies.

Q. Contractors' supplies?—A. Yes, sir; and lumber.

Q. So that you were engaged in the business of contractors' supplies with Mr. Ritchie?—A. Yes, sir. On my letter heading I have got 'Contractors' Supplies.'

Q. On your letter heading?—A. Yes, sir.

Q. Are you with him yet or by yourself?—A. It is hard to say.

Q. Hard to say?—A. I don't buy goods, that is in the contractors' supplies line without referring to him, I buy from him.

Q. Yes?—A. Yes, sir.

Q. You buy from him?—A. Yes, sir.

Q. Then he buys from you?—A. Yes, sir; we work together.

Q. You work together. And that is the kind of partnership it is; and you have a profit on his purchases and he has a profit on yours?—A. Yes, sir.

Q. I see. What is the object of buying from each other in that way? I suppose that is a business arrangement of your own?—A. Yes, sir. I don't handle cement or anything of that kind, sir.

Q. Then you have had considerable transactions with the Department of Marine and Fisheries, that is what we are concerned with here?—A. Not myself, sir.

Q. That is in Mr. Ritchie's name?—A. Yes, sir.

Q. That was put in his name, you did not want to have it in your name?—A. I sold to Mr. Ritchie and Mr. Ritchie sold to the department.

Q. What is that?—A. I sold to Mr. Ritchie and Mr. Ritchie sold to the department.

Q. You sold to Mr. Ritchie and then Mr. Ritchie sold to the department?—A. Yes, sir.

Q. That is, you knew the department wanted the goods from time to time, the supplies, then you would sell the supplies to Mr. Ritchie so he could furnish them?—A. Yes, sir.

Q. So that in that way you had your profit on the sale to Mr. Ritchie, of course?—A. I cannot say that, sir.

Q. You would not sell them without profit, would you, to Mr. Ritchie?—A. Well, we sold through one another.

Q. Through one another?—A. Yes.

Q. Then why did you not sell direct to the department instead of through Mr. Ritchie?—A. Well—

Q. Was that by reason of the relationship?—A. No, sir. I could not very well, was not on the patronage list.

Q. What?—A. I was not on the patronage list.

Q. Oh, you were not on the patronage list, I see, and you could not sell direct to the department?—A. I did not try. I did not think my grandfather would have cared to have done business with me.

Q. You did not think he would have cared to do business with you. But he knew you were selling to Mr. Ritchie?—A. He knew nothing about my arrangements.

Q. He knew nothing about your arrangements, I see. Then what profit did you and Mr. Ritchie get in the sales that you made to the department?—A. That was a private arrangement between Mr. Ritchie and myself, sir. Am I obliged to answer that question your lordship?

Hon. Mr. CASSELS.—Yes, I think so. It is important. It has been told already in Quebec. You had better tell everything; it is no use keeping back?—A. I made 0 per cent.

Mr. WATSON.—Fifty per cent profit, I see. That is, that was your share of it, was it?—A. Yes, on some things.

Q. Eh?—A. On some things.

Q. On some things. And then how much above that did Mr. Ritchie get? He must have been in it, too, somewhere.—A. If I got 50 per cent he must have got 50 per cent.

Q. He must have got 50 per cent. That would make 100 per cent?—A. Yes.

Q. I see, that is the way it worked out, 100 per cent. How long were you dealing with the department?

Hon. Mr. CASSELS.—I do not think the witness intended that.

Mr. WATSON.—Did he not?

Hon. Mr. CASSELS.—Not on the same goods. He got 50 per cent on the goods he sold, and I think Ritchie got 50 per cent on the goods Ritchie sold.

Mr. WATSON.—Is that the way?—A. What is that?

Q. You say you got 50 per cent, and you and Mr. Ritchie were interested in the transactions, and that he got 50 per cent. I put it to you that two fifties make 100, when you got 100 per cent profit; is that right?—A. On some transactions he got 50 per cent and on some he got the whole thing.

Q. The whole hundred?—A. One hundred per cent.

Senator CHOQUETTE.—No.

Hon. Mr. CASSELS.—Leave him alone, Mr. Senator, please.

By Mr. Watson:

Q. Sometimes did you take the whole of it?—A. Well, naturally it was according to our agreement, sir. Mr. Ritchie was perfectly satisfied.

Q. I see, that is the way it was. And how long were you doing business in that way, how many years?—A. Since September, 1907, sir.

Q. Since September, 1907?—A. Yes, sir.

Q. Did it just begin then?—A. I left Mr. J. J. Murphy.

Q. You left Mr. Murphy then?—A. Yes.

Q. Mr. Murphy had been selling to the department from that time?—A. Considerably so, sir.

Q. And you had been assisting in his business?—A. Yes, I was there as clerk.

Q. As clerk, employee?—A. Yes.

Q. Then Mr. Murphy had pretty large transactions with the department, you know that?—A. Yes, sir.

Q. Then after you left him you set up on your own account along with Mr. Ritchie?—A. Yes, sir.

Q. That is the same kind of business?—A. No, not exactly. I went into the lumber business; he was in the contractors' supplies.

Q. I see. Before September, 1907, did you sell any goods?—A. Myself?

Q. Yes?—A. No, sir. No, sir, I never sold any goods to the government.

Q. What profit did you make for yourself out of the Marine transactions while you were in Mr. Murphy's?—A. That was a private arrangement between Mr. Murphy and I.

Q. I see, that was a private arrangement between Mr. Murphy and you. But as a matter of fact then you did profit by Mr. Murphy's transactions with the Department of Marine and Fisheries?—A. I got a salary, sir.

Q. Eh?—A. I received a salary.

Q. Yes. But the salary was in proportion somewhat, I assume, to the transactions with the department, is that right?—A. Well, when I entered there it did not depend upon the government at all as to what salary I would receive.

Q. But afterward then was your salary in proportion to the profits on the transactions?—A. Oh, I could not say, sir.

Q. Was it so or not? You said there was a private arrangement?—A. And a share in all profits.

Q. And a share in all profits from Mr. Murphy. Was that limited to the profits on the Marine transactions?—A. No, sir.

Q. Was it the whole business?—A. On other things, sir.

Q. On what other things?—A. Well, Mr. Murphy gave me a profit on some transactions, different transactions.

Q. You mean transactions with the government?—A. Outside the government, sir.

Q. Outside the government?—A. Yes, sir.

Q. But you were then about 21?—A. No, sir, I was about 18 when I entered.

Q. 18?—A. When I entered Mr. Murphy's office think I was 18, sir.

Q. Then you went in there as a lad of 18 with an arrangement you were to get a profit on certain transactions?—A. No, sir, I beg your pardon.

Hon. Mr. CASSELS.—He said not when he entered, but subsequently.

By Mr. Watson:

Q. How soon after you entered?—A. Mr. Murphy suggested this I presume about four months after I entered.

Q. About four months. Then you got the orders from the department, you had to do with those for the most part?—A. No, sir, I did not. It did not depend upon my receiving the orders.

Q. But as a matter of fact you used to get the orders?—A. I would go up there; I was his clerk.

Q. You would go up to Mr. Gregory's office?—A. No, not particularly his office. I would go up just as his clerk.

Q. Where would you get orders from the department?—A. I would generally get them in the carpenter shop. I would go over there occasionally.

Q. In the carpenter shop?—A. I knew all the employees, and sometimes they would have an order in the carpenter shop waiting to be fulfilled, different places in the office, but not from my grandfather direct; he did not hand me an order.

Q. You would get them from the employees of the department?—A. For Mr. Murphy.

Q. And would Mr. Gregory know you were getting orders at all?—A. Oh, I never questioned him about that.

Q. No doubt he would know, he was the agent there?—A. I know Mr. Murphy was on the patronage list and he was entitled to some orders.

Q. I see. And then about what share of the profits did you get from Mr. Murphy, a half?—A. Oh, no, sir.

Q. That is on these Marine transactions?—A. Mr. Murphy gave me a rise.

Q. But what share of the profits—you got some interest in the profits as well—what was the interest in the profits, what percentage?—A. I think two per cent.

Q. Two or three?—A. Two per cent.

Q. Two per cent on the profits?

By Hon. Mr. Cassels:

Q. At first?—A. At first, sir.

By Mr. Watson:

Q. How much afterwards?—A. If I remember he increased it to two and a half per cent. I wanted a salary, but he refused salary. I said I would rather give up the commission and receive a salary.

By Hon. Mr. Cassels:

Q. Two and a half or three and a half per cent?—A. Two and a half.

By Mr. Watson:

Q. Was it increased after that?—A. I don't remember.

Q. You do not remember?—A. No, I don't think so.

Q. You had to do with the making up of the accounts for the department?—A. Yes, sir, at first I had.

Q. And did you keep on at that from the time you were there?—A. No. I was told to mind my own business; leave the Marine Department alone.

Q. Leave the Marine Department alone?—A. Yes.

Q. Then you knew, did you not, that Mr. Murphy was adding to the prices on the goods he sold the five per cent he was paying to Mr. Gregory, you knew that?—A. No, sir, I did not.

Q. You did not know that?—A. No. It was not on the goods he sold; it was on the drafts accepted by Mr. Gregory.

Q. But he was adding that to the prices of the goods sold?—A. I don't know what he thought, sir.

Q. Did you know at that time what the proper price on the goods was?—A. No, sir, I just came out of college.

Q. I see. You did not know the proper price for the goods. Did you know then whether he added this two and a half per cent he was giving you to the price of the goods?—A. I could not say, sir, I don't think so.

Q. You could not say?—A. I don't think so, sir, I don't know.

Q. Then how much do you know that Mr. Gregory got from Mr. Murphy?—A. I know that he never received more than 5 per cent on the drafts Mr. Gregory accepted.

Q. How do you know that?—A. Because I took those drafts up to the Marine Department myself.

Q. You took them up to the Marine Department?—A. Yes.

Q. Then you were in close touch?—A. Yes, very much, I knew all about it.

Q. You were the one with whom the transactions took place?—A. Yes, I financed for Mr. Murphy.

Q. You financed for Mr. Murphy?—A. Yes, sir.

Q. Financed for Mr. Murphy, that is when you were eighteen or nineteen?—A. I took the drafts up then.

Q. You were financing for Mr. Murphy?—A. I was not financing, I took the drafts up.

Hon. Mr. CASSELS.—What year did you say you went in with Mr. Murphy?—A. 1903, sir, January, 1903.

Mr. WATSON.—That was five years ago, and you were then eighteen?

By Hon. Mr. Cassels:

Q. When did you leave Mr. Murphy?—A. I left Mr. Murphy, I think, sometime in August.

Q. What year?—A. I am not positive—last year, 1907.

Q. That is it, 1907. So that you had to go and see Mr. Gregory and you did all the financing with Mr. Gregory?—A. Well, I took the drafts up to the department, sir, that is all, with the cheque for the interest.

Q. The reason I ask that is I am assuming that because you say you have personal knowledge of the payment of five per cent and that no more than five per cent was paid?—A. I never took anything up, I am positive, nothing more than that, I would have heard about it.

Q. You would have heard about it?—A. Yes.

Q. From Mr. Gregory?—A. I looked through his books, I know everything in his books, I guess.

Q. You were there just as his grandson?—A. No, not exactly. I was clerk, and Mr. Gregory trusted me.

Q. Mr. Gregory trusted you?—A. Yes, sir.

Q. That was the position?—A. Yes, sir.

Q. And it was by reason of that relationship and that position that you got into Mr. Murphy's employment?—A. I hardly think so.

Q. You hardly think so?—A. No, that had nothing to do with it. My grandfather thought by going into the lumber business—well, I could—

Q. Get more valuable experience?—A. Yes. There is more in lumber than anything else.

Q. Yes, apparently a good deal in, it?—A. No, it did not depend upon that because it was Mr. Murphy's suggestion I should accept this. I never told my grandfather about it, he knew nothing about it.

Q. But you knew what he was getting?—A. Who, sir?

Q. You knew what Mr. Gregory was getting?—A. I knew Mr. Gregory was getting 5 per cent interest on the drafts he accepted.

Q. Five per cent interest?—A. Yes.

Q. Do you know it was not commission, it was interest?—A. Positive.

Q. There was no commission paid?—A. No commission.

Q. No such thing as that?—A. No, sir.

Q. How do you account for Mr. Murphy saying it was commission?—A. Well, in his stubs sir you will find 'interest 5 per cent' in every case.

Q. Yes. How can you account for his saying it was commission?—A. I do not know why he should say commission; it was interest.

Mr. Gregory afterwards produced a list to us of those from whom he had received commission?—A. Commission?

Q. Yes, commission was marked in one or two of his books?—A. I never heard the name mentioned from my grandfather. It was interest.

Q. That is all right, we need not go into that. Now, then, what other merchants or people dealing with the department did you receive something from?—A. Mr. Murphy met me once.

Mr. Murphy. He had transactions with the department and you received some commissions from him?—A. Well, naturally—

Q. How much did you get from him—that is another Mr. Murphy, you mean?—A. Yes, that is Pat Murphy.

Q. Patrick Murphy. How much did you get from Mr. Patrick Murphy?—A. Well, it is pretty hard—

Q. Pretty hard to think?—A. Yes.

Q. I think you can tell better than I can?—A. That is a private transaction between Mr. Murphy and I, nothing to do with the department, sir.

Q. Of course not. It was just something he gave you in connection with these Marine transactions?—A. No, sir.

Q. Why?—A. It was because I made out his invoices and lent him money.

Q. And what percentage did you get after making out the invoices, 5 per cent?—A. For making out the invoices?

Q. Yes?—A. Am I obliged to answer that question? It has got nothing to do with the department.

Hon. Mr. CASSELS.—Had Patrick Murphy anything to do with the department?

Mr. WATSON.—Oh, yes, he was selling to the department.

Hon. Mr. CASSELS.—You had better answer the question, then.

Mr. WATSON.—Now, what commission did you get, 5 per cent?—A. Commission, sir. I got, I think, between $2\frac{1}{2}$ to 5 per cent on the money I borrowed from him.

Q. On the money he received from the department?—A. On the money I got from him, from Mr. Gregory for him.

Q. On the money you got from Mr. Gregory for him?—A. Sometimes it was my own money I advanced him, but I was reimbursed by Mr. Gregory.

Q. You got from $2\frac{1}{2}$ to 5 per cent on that?—A. Yes, sir, for the interest on the money.

Q. That was the money representing the transactions with the Marine Department?—A. That was for interest on money I received from Mr. Gregory.

Q. Yes. But I just want to get at the fact, he sold goods to the department?—A. Yes, sir.

Q. He would have an account say of \$500, that is right?—A. I don't know.

Q. Well, leave out the amount. An account, say, for a few hundred dollars or a thousand dollars?—A. Not a thousand dollars.

Q. Say a few hundred dollars?—A. Yes.

Q. After he delivered the goods you would go to Mr. Gregory and get the money for Mr. Murphy?—A. After he had delivered the goods and after the accounts were accepted by some responsible party up there.

Q. Yes. Of course, then you would get money from Mr. Gregory, that is right?—A. Oh, sometimes a couple of days after the goods were delivered.

Q. I know. But you would get the money from Mr. Gregory?—A. Yes, sir.

Q. That is, the price of the goods. And then Mr. Gregory got 5 per cent on that?—A. Sometimes $2\frac{1}{2}$ per cent; sometimes 5 per cent.

Q. And you got sometimes $2\frac{1}{2}$ per cent and sometimes 5 per cent?—A. Oh, I suppose so.

Q. You suppose so, I see. Then that means there were in this way the two rake-offs, so to speak, $2\frac{1}{2}$ per cent and 5 per cent to you and $2\frac{1}{2}$ and 5 per cent to Mr. Gregory. That is the plain result, is it not?—A. Mr. Gregory did not know what I received.

Q. But you knew what he was getting?—A. I knew what I had to pay him.

Hon. Mr. CASSELS.—Mr. Odell, the other Mr. Murphy told us he got no money from Mr. Gregory, he merely got the benefit of his name, and that he paid for the discount of his drafts himself?—A. Well, sir, these drafts were accepted by Mr. Gregory, and I would take them up and have them accepted by Mr. Gregory, and he would give him a cheque for 5 per cent interest on the drafts.

Mr. WATSON.—Of course, we got all that out.

A. Excuse me. Those drafts would sometimes fall due and they were taken up by Mr. Gregory, Mr. Murphy would not take them up.

Q. Eh?—A. It was the exception when Mr. Murphy took these drafts up.

Q. Mr. Murphy was pretty hard up?—A. Yes.

Q. He said he was not hard up?—A. He was very hard up.

Q. You know better than Mr. Murphy about that?—A. Yes, sir, he depended on those drafts being accepted.

Q. That is Mr. James Murphy?—A. Yes.

Q. Well, he will have to learn something about his business from you?—A. I know something, I used to do his banking.

Q. Now, tell us the names of others—we have got Mr. James J. Murphy, you got a profit out of Mr. Ritchie, you got a profit out of Mr. Patrick Murphy, who is the next man you got a profit from?—A. I don't remember, sir.

Q. You don't remember. Oh, do you mean you want us to help you? How many were there, fourteen or fifteen others?—A. Sold to the department, sir.

Q. Yes. How many more, can you tell how many more? Then meantime about the same proportion of profit on the others as well, two and a half to five per cent?—A. I don't know, I don't remember, sir.

Q. You don't remember? That is queer that you don't remember. Did you keep any books?—A. No, sir.

Q. What did you do with the money you got, put it in the bank?—A. I bought stock with it.

Q. Bought what?—A. Stocks.

Q. You mean stocks of goods?—A. No, bank stock, mining shares.

By Hon. Mr. Cassels:

Q. Invested it in shares, mining shares mainly?—A. Yes, some mining shares.

By Mr. Watson:

Q. I did not know they have any mines in Quebec?—A. They have in Cobalt.

Senator CHOQUETTE.—You discovered one, Mr. Watson.

Mr. WATSON.—Yes, I discovered one mine down there that several of you were in apparently, that is the Marine mine.

Q. So the money you got you were just investing from time to time?—A. Yes, I put it in the bank.

Q. Then, do you remember whether 14 or 15 or how many other you got this commission from?—A. No, sir.

Q. You cannot remember how many others, I suppose it was the whole list, the whole lot, that is the long and short of it?—A. No, sir.

Q. Not the whole lot, that is too much, and you cannot remember. Were you living part of the time at your uncle's house?

Hon. Mr. CASSELS.—Grandfather's.

By Mr. Watson:

Q. Your grandfather's house?—A. Not when I commenced business, I don't think I was there when I went in with Mr. Murphy.

Q. You went there afterwards?—A. Yes.

Q. So you lived in your grandfather's house?—A. Excuse me, I was living with my mother.

Q. Are you not living at your grandfather's house?—A. No, sir.

Q. Is that all, cannot you give us any more detail information than that?—A. With regard to Mr. Murphy's account?

Q. We have that about Mr. Murphy's. I want to know about the other 14, 15 or 20, can you tell us anything about them, don't you remember?—A. I don't understand you.

By Hon. Mr. Cassels:

Q. You mentioned several names of those you got commission from. Mr. Watson wants to know whether you can name any others?—A. No, sir.

By Mr. Watson:

Q. You cannot name them?—A. No, sir. I did not receive any commissions from anybody else.

Q. What is that?—A. I did not receive any commissions from anybody else.

Q. Not any commissions. Then what shape was it?—A. I don't remember, sir.

Q. You don't remember. Well, that is just where we were at before. I asked you whether it was the same rate, two and a half to five per cent from others, do you remember that?—A. No, sir.

Q. You do not remember, and you have got no books?—A. No, I never kept any books. I was never told to keep any.

Q. You had to divvy up a little bit with some others about the department?—A. No, sir.

Q. Did you not?—A. No, sir.

Q. Were you not asked to?—A. No, sir, I was never asked to.

Q. Do you mean you kept it all for yourself?—A. Yes, sir. Pretty greedy.

Q. I see. And no one in the department got any tips out of it?—A. Not one cent.

Q. Nobody ever asked you?—A. No, sir.

Q. That will do.

Senator CHOQUETTE.—Well then, I should like to apply to have Mr. Gregory's book back.

Hon. Mr. CASSELS.—Have you any objection to Mr. Gregory's book going out to Mr. Gregory?

Senator CHOQUETTE.—I should like to have it sent back to the agent at Quebec.

Hon. Mr. CASSELS.—I do not need it personally.

Mr. WATSON.—Your lordship does not? What I would like, my lord, then is that a receipt should be given for these books, naming them—

Hon. Mr. CASSELS.—Certainly.

Mr. WATSON.—And undertaking that they will not be destroyed.

Senator CHOQUETTE.—They can be sent back in ten days if you want them.

Hon. Mr. CASSELS.—In case Mr. Senator, I may need them later on.

Senator CHOQUETTE.—I am willing to be responsible for that. Put it down in writing. Send the book by express to me or the agent at Quebec.

Hon. Mr. CASSELS.—As far as I know I do not need the books, but I may need them in analyzing the evidence.

Senator CHOQUETTE.—Yes, my lord.

Mr. MARSHALL, recalled.

By Mr. Watson:

Q. Now, Mr. Marshall, you left us a day or so ago without finishing because you had not made some productions. What have you got now that you had not before?—A. Well, we have a complete, we have all the papers in our office practically of all descriptions.

Q. The Brockville Lumber Company, is it?—A. Yes, sir.

Q. Your transactions were in connection with the supplying of lumber?—A. Yes, sir.

Q. Anything else?—A. Nothing else that I remember of.

Q. Nothing else?—A. No, sir.

Q. And did you receive the orders from Mr. Fraser?—A. Well, my recollection is that the orders came through Mr. Noble at Prescott largely.

Q. But did you receive orders through Mr. Fraser?—A. I have not any recollection of having any orders through Mr. Fraser.

Q. Then you do not know?—A. Not for the department.

Q. Then you do not know whether you did or not, eh? I see some correspondence with Mr. Fraser in connection with your account. He evidently was attending somewhat to the supply of goods or lumber by your firm to the department?—A. Well, I knew of Mr. Fraser being in connection with the department, but I never met him and I do not recollect of seeing any orders from him.

Q. Now then, afterwards did you have any personal transactions with Mr. Fraser?—A. Yes.

Q. When did you have those?—A. If you will allow me, I have the items here.

Q. Let me see the book showing them. Where is that?—A. There is this order.

Q. Let me see the one before that?—A. I showed you that in the other ledger.

Q. Let me see that please again. Here is the account, July 3, 1908, \$43.56. Is that marked paid?—A. Yes, sir.

Q. When paid?—A. On the 20th.

Q. How was it paid?—A. We will have to look at the cash book for that.

Q. Do you know whether it was paid in cash or not?—A. I cannot tell you whether cash or by cheque or express order.

Q. It may have been marked paid without receiving cash?—A. No, sir.

Q. Do you know as a matter of fact whether it was or not?—A. Yes, sir.

Q. How do you know?—A. Because I check all these things. I open all my mail for one thing, and I guess—

Q. I know, but do you recollect as a matter of personal recollection that that money came in?—A. Yes, sir.

Q. But you do not recollect how it came?—A. I cannot recollect without looking at the books.

Q. Is this the cash book?—A. Cheque.

Q. Cheque \$43.56. Let us see the prior account now. J. F. Fraser, August 30, 1906. \$52.14. Is that it?—A. Yes, sir.

Q. What was that for?—A. Lumber.

Q. And what is the other account for in 1908?—A. Lumber also.

Q. Lumber, \$52.14. When was this paid?—A. It was paid on September 18.

Q. How was it paid?—A. By express order.

Q. Have you got it entered in your books?—A. Yes, sir.

Q. How much did you charge Mr. Fraser for those goods?—A. We charged him all regular retail prices.

Q. How do you know about that?—A. I looked at it.

Q. Eh?—A. I looked at the account.

Q. You have looked at it since?—A. Yes. I have the account here.

Q. Let me see it, please.—A. I had it with me the other day in connection with this. We can find all the others in our bills in a moment.

Q. That takes all the time. We have been waiting here a long time to get these things in shape, and now they are the same as before.—A. You would not look at this.

Q. This is with the department. I am asking about the account with Mr. Fraser.—A. That is for lumber.

Q. Oh, have you got it here?—A. I have it all. Here is the ledger account and cash account, and our sales book is here.

Q. The ledger just shows the bulk sum?—A. Yes.

Q. And the cash shows the bulk sum. Where is there any memorandum of what he got mentioning the goods and the prices?—A. Sales book for August, 1906.

Q. How did he come to be getting lumber from you?—A. I have understood he had a summer home at Maitland, that is about five miles from our place of business.

Q. Yes.—A. And this stuff was ordered there for repairs. We teamed it down there with our teams. I notice on the account we charged him for the teaming and the tolls, there are two toll gates, we generally charge this and for the teaming. Around town of course we do the delivering free. August 16, 1906, there it is.

Q. That was for which account?—A. 1906 account.

Q. Yes. Now, will you undertake to say—because we have the departmental account here—will you undertake to say Mr. Marshall that you have not given the same class of lumber material to Mr. Fraser at smaller prices than what you gave similar lumber for to the department?—A. No, sir.

Q. You won't undertake to say?—A. I say we did not.

Q. Do you say so?—A. Yes, sir.

Q. The accounts will speak for themselves, will they not?—A. Yes, sir.

Q. Have you looked over those accounts?—A. Yes, carefully.

Q. Have you found any case in which the prices were less to Mr. Fraser?—A. I don't think there is anything there of a similar character, Mr. Watson.

Q. You don't think of a similar character?—A. No. We did not sell any items to the department of this character that I know of. They were mostly carloads you will notice and mostly one kind. There is shingles for instance, I don't think we ever sold the department shingles. There is the retail price of the shingles and the retail price of matched siding.

Q. It was about the same time you were getting orders from the department and orders from Mr. Fraser. Did you ever put the one and one together and the two and two together?—A. Not that I have any knowledge of.

Q. Not that you have any knowledge of?—A. I might just say this, Mr. Watson. To be brief, that I never had any intimation from Mr. Fraser or any other member of the Marine Department that any favours were wanted, never.

Q. Yes?—A. Never, and certainly nothing asked and nothing paid.

Q. What do you say?—A. There have been no favours asked or any given.

Q. To—A. Any officer of the Marine Department, either here or anywhere else.

Q. From your firm or company?—A. Yes, sir.

Q. Might that be without your knowledge?—A. It would not be from the firm without my knowledge, and it would not be from myself without my knowledge certainly.

Q. Is this cheque here of February 15, 1907, to Mr. Geish for \$240 out of the ordinary line?—A. I can tell you what it is for.

Q. Look and see, please. Is this Mr. Geish here?—A. Mr. Lowey, our secretary-treasurer.

Q. What is it?—A. I think it is a dividend cheque. (Producing book to his clerkship.)

Q. Did you find out about that Mr. Marshall?—A. Yes, sir.

Q. What is it?—A. (Points out entry in book.)

Q. That is a dividend cheque. There is no mystery about it then. What other official, is there any other official with whom you had business transactions, personal business transactions?—A. Not that I have any knowledge sir, I cannot find any sir.

Q. Not that you have any knowledge of. I see you come back to that, that is the same kind of—you are not able to state then definitely, you leave it open a little bit?—A. No, I won't leave it open. I think there is no other official except Mr. Fraser in connection with that department we have had any business with whatever, except in connection with the orders from the department to our company.

Q. Have you furnished lumber or any kind of material to anybody else?—A. No, sir.

Q. How much did the Deputy get from you?—A. Nothing whatever.

Q. Or anyone else?—A. Or anyone else.

Q. Did anyone else build a house besides Mr. Fraser?—A. Not as far as I know, not out of our material.

Q. So you have not had any personal transactions with any others?—A. No.

Q. And Mr. Marshall, you undertake to say so far as your business is concerned or your personal knowledge there have been no payments?—A. No payments.

Q. Favours or anything of the kind—A. No sir, no favours. None asked and none given.

Q. Then did you lend money, have you loaned any money to any of the officials—A. No, sir.

Q. Eh?—A. No, I have not. I don't have very much money to lend unfortunately.

Q. Well, that might be an additional reason for making a loan.

Mr. GODFREY.—Would you mind stating what your profits were, Mr. Marshall.

Hon. Mr. CASSELS.—There is no imputation so far, Mr. Godfrey.

J. McKELVEY recalled.

By Mr. Watson:

Q. You were to get something further, Mr. McKelvey. What have you got?—A. (Produces books.)

Q. Now, Mr. McKelvey, you had very large transactions with the department during the three fiscal years?—A. Oh, not very.

Q. About \$27,000?—A. A little over \$5,000 a year.

Q. Well, \$27,000?—A. There were four years.

Q. Three years?—A. Four years I think.

Q. No, three fiscal years?—A. Didn't it commence in 1904?

Q. Yes, the middle of 1904, that is the fiscal year, up to the middle of 1907 three years, \$27,000?—A. We furnished, we did some business with them this year.

Q. Yes, but that is not included here?—A. I think so, I think you have got at the bills.

Q. Now then, that was for lumber?—A. Lumber, no.

Q. That was for what?—A. Plumbing, steamfitting, hardware.

Q. And did you have contracts?—A. No, I think not.

Q. No contracts?—A. I say I think not, I don't remember any contracts, of course, the bills will tell that.

Q. Yes. So that the prices were not fixed until the work was done?—A. We fixed the prices as we charged the stuff up.

Q. Yes, you fixed the prices yourself?—A. Yes, sir.

Q. But there was no fixing of prices beforehand?—A. Well, there might have been in some of the articles.

Q. Yes, but as a general rule there was not?—A. As a general thing there was not.

Q. That applies to the work to the extent of \$27,000, and as a rule no attempt at fixing of the prices beforehand?—A. I did not say that. I say some of the goods there may have been prices fixed at the time.

Q. Now, what can I make of that? Some of them there may have been prices fixed, and as a rule, you said a little while ago, the prices were not fixed?—A. That is what I said.

Q. That is what I said a moment ago, as a rule they were not fixed?—A. That is, they were fixed by us.

Q. Fixed by you after government orders?—A. Yes.

Q. Then from whom did you get the orders?—A. The orders principally came from the department, that is, from Prescott.

Q. From Mr. Fraser?—A. No, not from Mr. Fraser always.

Q. Not always?—A. Mr. Boyle, and what is that other man's name there?

Q. I know. But you got a considerable portion of the orders from Mr. Fraser?—A. Well, I am not prepared to swear that.

Q. What are you prepared to say?—A. I am prepared to swear the orders came from Prescott. You see, we had quite a number of men there.

Q. Now—A. You asked me a question.

Q. That does not answer my question. I am asking you whether you got the orders from Mr. Fraser, do you know whether all or not?—A. I expect we got some from Mr. Fraser.

Q. That is not an answer?—A. You see, I am not in a position to show the orders, they were burned up in our fire.

Q. You got some orders from him. You do not know to what extent the orders came from him?—A. No.

Q. Then did you get any orders from anyone else than Mr. Fraser and Mr. Boyle and Mr. Noble?—A. Yes, we did.

Q. And Mr. Boyle?—A. Yes. We got—

Q. Anyone else?—A. We got some from Parry Sound, the man who was running the department there.

Q. What is his name?—A. I cannot think of his name now. He was a Frenchman. I know. I cannot think of his name.

Q. You fixed your own prices then?—A. Yes.

Q. And they were fixed at retail rates?—A. No.

Q. What rates?—A. We have wholesale prices, we have prices for large consumers, and we have retail prices.

Q. I did not ask you about that. I am merely asking you about the rates on these goods sold to the department, were they retail rates?—A. They would be prices for large consumers.

Q. Were they retail rates?—A. I said no.

Q. What were they if not retail?—A. I tell you they were between retail and wholesale.

Q. You did not tell me that before, between retail and wholesale. Well, the department was a large purchaser?—A. Yes.

Q. Then you do sell at wholesale?—A. Yes.

Q. Then why did you not treat the department as a wholesale purchaser?—A. Because they are consumers.

Q. Eh?—A. Because they are consumers, they don't sell again.

Q. Yes?—A. Only those who sell again or who are manufacturers we give wholesale rates to.

Q. That is what you say?—A. That is what I say.

Q. And was that a large order?—A. Mind, I do not say that in every case; that is the general rule.

Q. I see. That is the general rule. That is what I was going to call attention to. You do not say that is strictly observed?—A. No, not strictly.

Q. But you did not make any exception in the departmental order, although that is one of the largest orders you got?—A. No, I beg your pardon.

Q. Did you get larger orders from any one else?—A. Yes, far larger.

Q. Far larger from some others, I see. Now, you fixed your profits—

Hon. Mr. CASSELS.—Prices.

By Mr. Watson:

Q. Your prices, and they were passed at those prices, no objections, as far as I can see?—A. None that I know of.

Q. And who passed the accounts?—A. I don't know. I never saw them after they left our place.

Q. Never saw them?—A. Not after they left our hands.

Q. Now, when did Mr. Fraser commence to deal with you himself?—A. You have the account there.

Q. I have this typewritten document?—A. It is pretty hard to remember.

Q. December, 1904?—A. Well, that was the start of it.

Q. Did you ever have any transactions with him before that?—A. No, I don't think so.

Q. Then the dealings with Mr. Fraser began about the same time as the dealings with the department?—A. I think some time after.

Q. Yes. The dealings with Mr. Fraser began some time after the dealings with the department?—A. I think so.

Q. I see, he had never dealt with you before that time. Now, that was for plumbing by you here at Ottawa, was it?—A. Yes.

Q. Did it strike you as a little queer at the time that he would go to a Kingston firm to get plumbing done at Ottawa?—A. No. We often go out of Kingston.

Q. That did not occur to you at the time that you were getting orders from an official of the Marine Department?—A. I never thought of that.

Q. Never thought of that?—A. I did not think of it in that light.

Q. I see, just an additional customer?—A. Well, we often do work for government officials, you know.

Q. For government officials at Ottawa, I mean to say Marine Department officials?—A. Not in Ottawa.

Q. You never got any other orders from an official in Ottawa?—A. Not that I know of.

Q. Not that you know of. Just the one from Mr. Fraser, I see. And yet you did not think that was in any way singular?—A. No. Why should it be singular? We have done other work in Ottawa.

Q. Yes. Then the total account with Mr. Fraser—apparently his account with you is \$2,401, according to this?—A. \$2,100 net, was there not?

Q. \$2,401?—A. That is without the credits.

Q. That is without the credits?—A. Is there not a lot of credits, such as material returned and stuff of that kind?

Q. Credits, \$2,400?

Hon. Mr. CASSELS.—Deductions, he means.

By Mr. Watson:

Q. Did you make some allowances and deductions?—A. They are all there, old lead returned and stuff of that kind.

Q. \$2,401. Then, old radiators and coils returned, \$187?—A. Yes.

Q. 525 pounds of old lead?—A. Yes.

Q. Where did you get the old lead?—A. Out of the house; they tore out the old plumbing.

Q. So you took his old radiators and coils at \$187?—A. Yes.

Q. How much did you charge for the new ones?—A. They are there on the bill.

Q. Can you tell?—A. There (indicating).

Q. Here are the radiators, \$388 for the new radiators, and you allowed him \$187 for the old ones?—A. That would be for all the old material.

Q. It is old radiators and coils?—A. I know, the old material.

Q. What?—A. There would be the old material, old pipe and stuff of that kind besides.

Q. I thought that was sort of dump stuff?—A. No, there is a lot of pipe in a house perfectly good.

Q. Old pipes, I never got any allowance like that. I suppose it is all right.

Hon. Mr. CASSELS.—I think they do it all the time. If you want to put in larger radiators they will take the old coils which may be perfectly suitable for another house.

Mr. WATSON.—Yes.

Q. You made up this typewritten account just two or three days ago?—A. Yes.

Q. What did you make that up from?—A. When I knew I had to come down here—

Q. What did you make it up from?—A. From this book (producing).

Q. From this book?—A. There is another account.

Q. I did not ask you anything about another account. Where is this?—A. There it is (indicating).

Q. Page 26, J. F. Fraser. This account starts January 23, 1907?—A. No, that's a mistake, the date 1907 is not right.

Q. What?—A. That is not right.

Q. Let me see what is right then, 1907?—A. That is a mistake.

Q. A mistake you think?—A. I don't think; I am sure.

Q. Whose writing is this?—A. This is the clerk's.

Q. Whose writing is that, the date?—A. I am going to tell you. This is written up by the clerk in the plumbing department.

Q. I want to know the name of the writer?—A. William Warren.

Q. He has made a mistake in the year?—A. Certainly, that is a mistake, the year is a mistake.

Q. The year is a mistake. When were the goods furnished to him, any this year?—A. No.

Q. Any last year?—A. I think the thing was all closed up by 1906, I think it was all closed up then.

Q. Not sure?—A. No, I am not positive.

Q. Not sure. When was this written into this book?—A. After the work was finished.

Q. Do you know when?—A. I think it would be sometime in 1905.

Q. You think it would be sometime in 1905?—A. I think so.

Q. Will you say it was not written in a considerable time after that?—A. No.

Q. You will not say?—A. They usually write up jobs when they are finished, but sometimes there is delay. In that case there was some trouble with the boiler, that delayed the writing up of that for sometime.

Q. Yes. So this may not have been written up until sometime in 1907?—A. It was certainly written up before that.

Q. Eh?—A. It was certainly written up before that.

Q. Did you compare this typewritten account with the entries in this book?—A. No, I leave that to my clerk to do.

Q. You have not compared them?—A. No.

Q. You do not know whether they agree or not as to price?—A. I should think they did.

Q. You do not know personally?—A. They have been all well checked.

Q. You do not know personally?—A. I have not gone through.

Q. You have not gone through?—A. At least I don't think I have unless my initials are to it.

Q. Now, let us see. The first item there is—A. Oxford boiler.

Q. Oxford boiler, \$196.38?—A. Yes.

Q. And the next one, radiators, \$388. That is the first item, is it not? Then where is the next one, where is the first one here, \$575?—A. I say there is an over-charge there.

Q. Where are the earlier items—you start away down below there—where does this come from?—A. What comes from?

Q. These entries, particulars?—A. They come from the plumbing department.

Q. Show me where they come from?—A. (Witness refers to book.)

Mr. WATSON.—Apart from that one date at the top, my lord, there is no date at all in the account, the entries in the book.

Hon. Mr. CASSELS.—What is the prior date?

Mr. WATSON.—January 23, 1907.

WITNESS.—There is that \$575 there (indicating.)

Q. \$575, yes. And there is another there of \$55; where does that come from?—

A. There it is, \$55 (indicating.)

Hon. Mr. CASSELS.—What Mr. McKelvey states is that that was copied at the end of the work. It would be taken from some other paper, time sheet no doubt?—A. Yes, sir.

Mr. WATSON.—It is not time, for the most part it is material.

Hon. Mr. CASSELS.—As everything goes on.

WITNESS.—You see, the items are posted up.

By Mr. Watson:

Q. Where?—A. In this account.

Q. I see. Then where were those taken from in the day book?—A. These were the plumbing department, the other items we done.

Q. I want to know where were these entries in the book taken from?—A. From the time sheets and the memos.

Q. Why were they not made at the time, why were they written up afterwards?—A. Let me explain.

Do not make too long a speech.—A. I am not going to make a speech at all. When goods are sent to a job they are entered up in a book, when the job is finished each item is taken by itself, you see, made up and then taken into the book.

Q. Now, let me see the book where originally entered when sent?—A. I cannot give you them, they are old books in the plumbing department.

Q. That is your business, the plumbing department?—A. They are all written in there.

Q. I do not know.—A. I might have to get 150 sheets to get the items.

Q. You say they were all entered up in the book?—A. On sheets and the men's time books, the men keep the time in their books.

Q. When was this written up?—A. When the job was finished.

Hon. Mr. CASSELS.—Calculations from the time sheets.

By Mr. Watson:

Q. When finished?—A. I told you the whole thing was cleaned up in 1906.

Q. You see there is not a single date in this book except one commencing January 23, 1907, apart from that there is not a date in the book?—A. The cash book.

Q. Let us see the cash book, I want the cash book from 1904 down to the present time. Have you got an account there with Mr. Fraser?—A. That account.

Q. Have you got in any other place in your book an account with Mr. Fraser?—A. There (indicating.)

Q. The account here?—A. It was carried—

Q. Just wait, please. January 21, 1905, three items making \$351.44; January 23, 1907—that is the same date in that book—account heating \$1,834.25.—A. That is it here.

Q. What does this show on the other side, what is that, December 7?—A. Six hundred.

Q. What is the next, what are those letters?—A. That is supposed to be petty ledger A, this is carried into this you see.

Q. Where is the ledger A?—A. That is loose leaf, only a couple of sheets.

Q. Where is the ledger itself?—A. It is at home; no use bringing that down here.

Q. There are two accounts here, one nine, and then scratched off and ten put in.—A. I don't know.

Q. I don't know either.—A. That is the page.

Q. He has got in there the number of the page?—A. That is the page of the ledger.

Q. Which is the page in the ledger, 9 or 10?—A. Ten I think.

Q. Well that is it?—A. There is eleven on the other side.

Q. This shows what?—A. The account was settled up.

Q. Is that all you have got to say about it?—A. I will answer any questions you ask me.

Q. Account from ledger H, \$1,591?—A. Yes.

Q. Is this ledger H?—A. Yes.

Q. Then you have got 'by note'?—A. That is a mistake, that should be 'by cash.' I will show you.

Q. Oh, the entry in the book is wrong?—A. I will show you here.

Q. Who wrote this, 'by note'?—A. The bookkeeper.

Q. When did he write it? You have got it here 'October 1st, 1908, by note.'

Hon. Mr. CASSELS.—October 1st?

Mr. WATSON.—1908, my lord.

Q. What is the name of the bookkeeper?—A. Allan.

Q. Is he here?—A. Yes, sir.

Q. Well, we will have to have the bookkeeper here before we finish this?—A. Yes, sir.

Q. Now, where have you got some other entries?—A. I am looking for the entry of that cash, if you will wait a moment.

Mr. GODFREY.—Mr. McKelvey is right, this account was paid.

Hon. Mr. CASSELS.—Let the witness alone. You will get every chance of putting in your evidence. There is no use in interrupting.

(Page from loose leaf ledger of witness's firm marked Exhibit 426.)

(Adjourned at 1 p.m. to 2.30 p.m.)

(Examination of Mr. McKELVEY resumed.)

By Mr. Watson:

Q. Now then, you have shown this leaf from the ledger, and upon that is marked, 'October 1st, by note paid'?—A. It should have been by cheque.

Q. Before luncheon I think you said it should have been 'by cash'?—A. Well, cheque is the same as cash.

Q. Folio 905. Let us see folio 906?—A. I don't know.

Q. That is another book, the cash book, what is that copied from?—A. Day book.

Q. Let us see the day book then?—A. I have not got that.

Q. That is what we stood over for?—A. All you asked is this small book.

Q. But to show all these transactions. That is the day book that is not here?—A.

That is cash.

Q. Is that a day book that is not here?—A. Yes.

Q. Where is that day book?—A. At the store.

Q. That day book then would show, if this is correct, would show the note?—A.

He made a mistake in putting note.

Q. He made a mistake?—A. That is the girl.

Q. Then you have referred to the journal. Is not this the day book?—A. That is a cash book.

Q. You have referred to the journal?—A. That is cash book.

Q. Whose writing is this?—A. That is the girl's.

Q. That is not the same writing as the other one, I don't think so?—A. There are three girls in the office.

Q. It is another one, eh?—A. I am not sure. Yes, it is the same writing.

Q. We will have to look at it. This is the journal, my lord, page 172, 'J. F. Fraser, note, \$1,591.' It is the same note?—A. That is a mistake. It should have been cheque.

Hon. Mr. CASSELS.—Journal?

Mr. WATSON.—Just called the journal, page 172, October 1st, it is under date of October 1st, 1908, J. F. Fraser note, \$1,591. Which entry was made first, that one or this one?—A. The only one in the cash book, she would post from the cash into it.

Q. Yes. Where is the note?—A. I told you there was not a note, there was a cheque.

Q. Did you see it?—A. I did.

Q. Yourself?—A. Myself.

Q. Let me see the bank book?—A. Deposited in the bank on September 28.

Q. September 28. There is no date here?—A. I expect it is marked. There is (indicating).

Q. That is \$1,775.—A. That is the day it was deposited, there was other money with it.

Q. How was that deposit made up?—A. Made up of that cheque and other—

By Hon. Mr. Cassels:

Q. What date is that?—A. September 28. That is the date I got the cheque.

Q. Where is the 1906?

Mr. WATSON.—That is what I am asking. He says the book is not here.

Hon. Mr. CASSELS.—Not here?

Mr. WATSON.—No.

By Hon. Mr. Cassels:

Q. When was that written up?—A. This was written up on October 1.

Q. People's books as a rule do not lie. You have entered there 'by note' in two or three places. Now you are putting 'by cash' in a previous date.

Mr. GODFREY.—I think I can show that.

Mr. WATSON.—See here, Mr. McKelvey. That J. J. Fraser underneath there has been interlined.

Your lordship will see at the foot of page 172, the page was evidently complete, and then this has been interlined at the foot of the page, 'J. F. Fraser, note.'

Hon. Mr. CASSELS.—It is not the same month.

Mr. WATSON.—No, my lord, not the same month.

Q. Now, you have a deposit here and I see it is——

By Hon. Mr. Cassels:

Q. Whose writing is on that?—A. Only one in the office.

Q. Whose writing is this, 'J. F. Fraser, note'?—A. That is her's.

Q. That is written at a different time?—A. On the first of the month.

Q. It is put in subsequently to what went ahead of it, that is all it is, that is all it is. Look at the ink.—A. I see that.

Q. Is there any doubt about its being put in at a subsequent time?—A. My own impression is she has got that out of the bank book, it has been omitted.

Q. Where is the bank book? I would like to see the book. You had better have it here.—A. Instead of treating it as——

Q. We want to see the books. It is obviously written in at a later date, put in in different ink.

By Mr. Watson:

Q. How long has the bookkeeper been with you?—A. About ten years.

Q. The bookkeeper would know the difference between a note and a cheque?—A. Well, it may possibly have been entered in the blotter as note.

Who would enter it in the blotter as a note if it was a cheque?—A. I might possibly have made the entry when I got the entry.

Q. Have you got the entry here?—A. I might and might not. I am not sure. Sometimes I hand the cheques over to the bookkeeper to enter up.

Q. The bookkeeper seeing that would observe the mistake and——

Hon. Mr. CASSELS.—Is the cheque here?

Mr. GODFREY.—I have not got the cheque. I might explain to your lordship——

Hon. Mr. CASSELS.—I do not want an explanation now.

Mr. GODFREY.—I can get it, I will undertake to get it, my lord.

By Mr. Watson:

Q. Was Mr. Fraser up to Kingston?—A. I did not see Mr. Fraser.

Q. When?—A. I have not seen him—oh, it must be I should think—I might have seen him at the time of the blowing up of the *Scout*, I am not sure.

Q. When was that?—A. About a year and a half or two years ago.

Q. Has he been up to Kingston within the last week?—A. Not that I know of.

Q. Not that you know of?—A. I have not seen him since then. I think I saw him at the time of the blowing up of the *Scout*.

Q. Has Mr. Fraser or anyone in his behalf been going over the books?—A. Mr. Fraser never saw our books.

Q. Has anyone else been going over the books?—A. No, sir. You mean in his behalf?

Q. Yes.—A. No, sir.

Q. Anyone else outside of your own firm been going over your books?—A. Nobody goes over our books except ourselves.

Q. But in connection with this matter?—A. No.

Q. I see. Now then, your statement is that although this is entered as a note there was not any note?—A. No, it was a draft on the Bank of Montreal.

Q. Eh?—A. It was a draft on the Bank of Montreal.

Q. A draft on the Bank of Montreal?—A. Yes.

Q. The draft came from where?—A. I think from British Columbia.

Q. British Columbia?—A. I think so.

Q. Why, I thought Mr. Fraser lived here at Ottawa?—A. That is where it came from, sir, either there or Winnipeg, one of the two in the northwest.

Q. That was pending this investigation?—A. You have got the date there.

Q. October 1, 1908?—A. I really got the cheque on the morning of the 28th.

Q. A cheque, I thought you said a draft?—A. The same thing, only you don't have to pay any commission.

Q. Did you get a letter with it?—A. Yes.

Q. From whom?—A. Mr. Fraser.

Q. Written from where?—A. No, I didn't notice that.

Q. I thought you said British Columbia?—A. The draft came from British Columbia.

Q. Where was the letter written from?—A. I am not sure, I think from there too.

Q. Have you got the letter?—A. No, I have not got the letter.

Q. Where is it?—A. I don't know.

Q. Did you look for it?—A. We never keep this kind of thing.

Q. You don't keep letters?—A. Not of that kind. It just says, 'Enclosed please find cheque to balance so and so.'

Q. What was in it?—A. I have just told you.

Q. Did you destroy it?—A. It went among the waste paper.

Q. Did you destroy it, personally destroy it?—A. It went among the waste paper.

Q. Did you personally put it in the waste paper basket?—A. I am not sure.

Q. I don't suppose you would?—A. That is all there was in it.

Q. I am not asking you to say what is in it. I am asking you to say where you put it. You are not sure it was put in the waste paper basket?—A. I am sure it was not filed away.

Q. You do not remember what you did with it?—A. Yes. My recollection is it was folded up and put among envelopes and things of that kind we have for writing memos on.

Q. Did you acknowledge receipt of it?—A. Yes.

Q. Have you got a copy of the letter?—A. No, we don't keep copies of that kind.

Q. You don't copy letters?—A. Of that kind.

Q. How do you discriminate?—A. If we are sending out orders we copy, there are lots of letters we do copy.

Q. I should have thought that was an important letter as a matter of business record and receipt?—A. It would be for him to keep the receipt, not for us.

Q. Who wrote the letter in answer?—A. I dictated the letter.

Q. Who was the stenographer?—A. Miss Ross is her name.

Q. And she has the note of course of her letter?—A. I suppose so.

Q. So that has not been destroyed?—A. I don't suppose it has.

Q. Then we can get that note anyway?—A. By sending for it, I suppose.

Q. We can have that here at the same time that we have this other book with folio 906, that is the day book, anyway?—A. Yes.

Hon. Mr. CASSELS.—Why was not the account paid earlier, you let a year and 9 months go by?

Mr. WATSON.—I am just coming to that, my lord. This account of Mr. Fraser's goes back to 1904?—A. Yes.

Q. How did that one stand for four years and then be paid just about the first of October of this year?—A. Well, it was not rendered.

Q. What?—A. It really was not rendered.

Q. It was not rendered?—A. Rendered in full.

Mr. GODFREY.—He is making his statement.

Mr. WATSON.—He is making his statement. I do not think you should interrupt.

By Hon. Mr. Cassels:

Q. When was it first rendered?—A. It was rendered sometime about the first part of 1906.

Mr. WATSON.—The first part of 1906, I see.

Q. Was it sent by letter?—A. Yes.

Q. That is the sort of letter you would copy, would you not keep that for yourself?—A. No, we did not copy them.

Q. You do not copy those letters either?—A. No, it is not important.

Q. A letter sending an account?—A. It is of no importance.

Q. Do you know whether that letter was copied?—A. I don't think it was.

Q. A letter sending the account in the early part of 1906, that will be about January, 1906?—A. I think some time about the early part of 1906 the account would be rendered in full.

Q. Then why was it not paid in 1906?—A. I cannot say, I don't know why he did not pay.

Q. Why was it not paid in 1907?—A. For the same reason it was not paid in 1906.

Q. Nothing occurred about that?—A. We used to dun for it.

Q. Where are the records of that?—A. Of what?

Q. The dunning him for it?—A. We did not keep any records of that.

Q. Did you ever write him any letters about it?—A. I think I wrote two if I can remember.

Q. When did you write them?—A. Well now, I could not give you the dates of that, but I think about the beginning of 1907.

Q. That is about a year after?—A. I thought it was time the account was paid, and I wrote him.

Q. You do business on a cash basis?—A. Unfortunately——

Q. You try to?—A. No, we cannot do business on a cash basis, not even with the government we cannot.

Q. No?—A. No.

Q. You got your cheques from the government within a couple of months afterwards—well, we have the record here.—A. I have got it here too, sir.

Q. Yes?—A. I have one account here took twenty-two months to pay.

Q. I see the first item here, part of this Marine and Fisheries account, the first item here of \$110 was dated December 26, 1903, and it was paid July 26, 1904.—A. That is not cash.

Q. No, that is six months. The next one is June 8, the date of the amount; this was for \$4,854, and it was paid July 26, that is pretty much cash?—A. That is pretty quick.

Q. Eh?—A. That is pretty quick I say.

Q. The next one there is a difference of five days, November 10 and November 5, \$255, that is quicker; and the next one December 5, paid January 11, that is pretty good too, is it not?—A. Now, if you will go to the \$11,000 you will find it ran a year.

Q. Yes.—A. And another one for \$350 ran twenty-two months, so there is nothing out about officials letting their accounts go.

Q. But I say the majority of these were reasonably prompt?—A. Yes, I should think so.

Q. Now, what was the reason for letting this account stand for two years and nine months, two years and ten months—oh, more than that, yes, from the time it was rendered—

Hon. Mr. CASSELS.—I am not sure if this witness intended to tell you that parts of the account had been rendered previous to that?—A. No, I think it was all rendered together.

Q. Did you not render part of it previously?—A. No, according to our books.

Q. But your expression went down as though it was only completely rendered at that date?—A. It was all rendered then.

Q. I do not know, of course.

Mr. WATSON.—See, this typewritten account starts December, 1904, then there is not another date in the account after that, except January 21, 1905, there is not another date until at the end a cash receipt, December 7, 1904, \$300 and December 24, 1904, \$300. Those are the only dates that are given.—A. The only way I can—

Q. Just listen, please. In this little book in the same way, from which you say this was taken, there is not a date except at the first of it, January 23, 1907. Why did it stand all this time, the account which started December, 1904, why did it stand until October, 1908, for final settlement?—A. Well, Mr. Fraser is the only man who can explain that. He did not—

Q. It was owing to you, did you give him his own time?—A. There was no time mentioned when the work was done that I know of.

Q. If no time was mentioned, that means cash?—A. It means cash within six months.

Q. It means cash within six months, all right then, take it that way. And the work was completed some time in 1905?—A. I don't think it was finally completed, that is everything settled, until 1906.

Q. Some final patching somewhere?—A. I think some trouble about the boiler.

Q. It was finally completed the beginning of 1906?—A. Yes.

Q. No doubt about that, it may have been before. Then it stood from that time on, that is two years and nine months?—A. That would not be two years and nine months.

Q. 1906-7, October, fully 9 months in 1908?—A. Yes, about that.

Q. Now, what have you to say why this stood for two years and nine months?—A. I have not anything.

Q. You have not anything to say?—A. It is rather unfortunate we could not get the money.

Q. It is rather unfortunate you could not get the money?—A. It was unfortunate for us we could not get the money.

Q. Did you get any letters from him?—A. No. I think my partner saw him several times with reference to it.

Q. But did you get any letters from him during that time?—A. No, never any communication with him at all after the account was rendered.

Q. Can you show me any other account standing two years and nine months or within that time?—A. Well, if I had my book here I could show you one stood longer than that.

Q. Could you?—A. Yes, several of them.

Q. I see, pretty bad pay?—A. Some are very bad.

Q. Very bad pay, I see. Then you were getting orders meantime from the department?—A. Yes, small ones.

Q. Small ones amounting to \$27,000 altogether?—A. Not after 1906, I don't think.

Q. No, they did not amount to that after 1906, but altogether during the three years they amounted to that?—A. Would it not be nearly four years?

Q. No, we had that before. It is three fiscal years?—A. Then you don't count this year.

Q. No, that \$27,000 is not included in that?—A. Everything is there, is it not?

Q. Now, this \$1,775 deposited in the Crown Bank at Kingston was it?—A. Yes, sir.

Q. You make up the deposit receipts, I suppose, do you?—A. Make up deposit slips.

Q. Yes. Do you keep those?—A. We put them in the bank.

Q. Do you keep copies of them?—A. We have a book we enter the amount of the deposit in.

Q. But showing how it is made up?—A. I would have to go to the bank to get that.

Q. Do you not keep copies of your deposit slips showing how the amount is made up?—A. I never do, no.

Q. Then is there any record in your books showing how that \$1,775 is made up?—A. The only way I could get that would be to go to the bank and get the slip.

Q. Then where did you write to Mr. Fraser acknowledging the receipt of the money?—A. Where, Ottawa.

Q. Did you get the letter from Ottawa?—A. Which one, sir?

Q. The letter with the cheque, as you speak of it, or draft?—A. That came from out west.

Q. That came from where?—A. Out west, away out, either British Columbia or Winnipeg, some place around there.

Q. Whom did the letter come from?—A. Whom did the letter come from?

Q. Yes.—A. The letter that accompanied the cheque?

Q. Yes.—A. It was signed by Mr. Fraser.

Q. How do you account for his sending it to you from out there?—A. I don't know anything about that.

Q. It was from the west, not from the clouds.—A. I was too glad to get the cheque to think about anything.

Q. I see, to think about anything. Did you write him in September?—A. In September?

Q. Yes.—A. No, sir, I did not.

Q. You did not write him in September?—A. The only letters I wrote him is when I sent him the account and when I sent a statement requesting payment.

Q. You knew in September that this investigation was proceeding?—A. Oh, certainly.

Q. And that this matter would come up?—A. I did not know anything about it.

Q. Probably would come up?—A. I didn't know what matter would come up.

Q. You expected it probably would come up?—A. Oh, I had supposed we would be in the swim with the rest.

Q. I see, in the swim with the rest.

By Hon. Mr. Cassels:

Q. Did you say in the soup or the swim?—A. No, sir. I am not afraid of being in the swim, the way I do my business, I am not afraid of anything.

By Mr. Watson:

Q. Well then, you called Mr. Fraser's attention to that no doubt?—A. To what, sir?

Q. The swim.—A. With reference to this?

Q. Yes.—A. No, sir, I did not.

Q. Did you write to him pointing out the necessity or wisdom of getting it closed up?—A. No, sir.

Q. Did anybody else?—A. No, sir, nobody out of our establishment.

Q. I thought your brother saw him?—A. I haven't a brother.

Q. Your partner?—A. My partner?

Q. Did he used to see him?—A. He used to see him about work.

Q. But did he ever see him about this account?—A. My partner never bothers about accounts.

Q. I see. Now then, when can you get those other books here, that is the note book of the stenographer and this other book, this day book with this other entry, and the deposit slip?—A. The deposit slip for that particularly?

Q. Yes.—A. If the bank is not closed I can wire.

Mr. GODFREY.—I will get the original cheque.—A. I am afraid I can hardly get the deposit slip to-day.

By Mr. Watson:

Q. Get it in the morning if not to-day.—A. I cannot get it for the morning unless I get it to-night.

Q. Well, get it to-night.—A. Let me take a note of what you want me to get. You say you want the day book this is carried to.

Q. I just want the record. I have been going over it so often I am really weary of it.—A. I don't want to weary you.

Q. I have asked for this as gone over now, you remember this book containing that entry?

Mr. GODFREY.—And the slip from the bank.

A. It is just possible that may have been posted from the cash book.

Hon. Mr. CASSELS.—You had better have all the books showing any entry of it.

A. The cash book is here, you want the deposit slip.

(Pass book of witness's firm with Crown Bank of Canada marked Exhibit 427.)

(Journal of witness's firm marked Exhibit 528.)

(Day book of witness' firm marked Exhibit 429.)

(Filed December 19.)

R. O. MACKAY, recalled.

By Mr. Watson:

Q. You made an offer the first time for some \$5,000 odd?—A. Yes.

Q. Where is that, please?—A. It is March 16. That is the Miles Transportation Company.

Q. \$5,800?—A. Yes.

Q. That was not put through, and then afterwards—A. No. On April 16 you will find a letter.

Q. What is the next one you wish to refer to?—A. On April 14 withdrawing the contract.

Q. Oh, yes?—A. Then we had a wire from Mr. Gourdeau.

Q. How soon after you withdrew the contract did you make another offer?—A. Well, the *Lake Michigan* was offered at that time, a few days afterwards. That is owned by the Hamilton and Montreal Navigation Company.

Q. Having made an offer of \$5,800, you withdrew it before it was accepted?—A. Yes.

Q. And then you got a contract for \$7,500?—A. Not until June.

Q. Yes, not until June. That was a contract for \$7,500 for the same work as was the offer of \$5,800 originally?—A. Excuse me. The department wrote us or wired us asking if we could help them out in June, and I came down here and we bought a boat specially.

Q. Bought what?—A. We got this boat specially. We offered the *Lake Michigan* and they refused to accept it, and we bought this boat specially.

Q. Bought this boat specially?—A. Yes.

Q. But the fact is this first offer was by you for \$5,800, and then afterwards you got \$7,500?—A. I knew, but they would not accept the offer for the *Miles*, they could not hold her open.

Q. That is right. Afterwards you got \$7,500 for the same work which you offered in the first place for \$5,800?—A. It was worth more money. We bought a boat specially and rates were higher.

Q. But you bought the boat for yourselves?—A. She was bought on condition we got the contract.

Q. You kept her after the contract was over?—A. Yes, ran here that year and next year.

Q. You got the value of the boat?—A. No, we did not get the value.

Q. Are you claiming a higher price because you paid too much for that boat?—A. No, times were different, there was a good demand.

Q. The difference between March 31 and June 17?—A. Things were booming.

Q. And that was the reason you boomed up the prices?—A. Freights are only from day to day.

Q. Freights are from day to day?—A. Yes. I might say it was reported they had bought the *Seguin* for that work.

Q. That was reported, it was not correct?—A. They had her.

Q. What was that going to do with increasing the price?—A. We could not increase the price. We had other work for the boat, that *Miles* was chartered for the year.

Q. I see you were very anxious by the correspondence to get that at \$5,800.?—A. That was for the *Miles*.

Q. I know?—A. Certainly, we are always anxious to get it.

Q. Quite so.

By Hon. Mr. Cassels:

Q. What is this other boat?—A. That we—

By Mr. Watson:

Q. What is the name of the other boat?—A. The *Golspie*.

By Hon. Mr. Cassels:

Q. But the \$5,800 one?—A. The *Miles*.

By Mr. Watson:

Q. The name of that boat was the *Miles*?—A. Yes.

Q. Then you bought—A. The *Golspie* in June.

Q. A different boat?—A. A different boat altogether. We had to fit her out.

Q. I see from the papers you were getting all the assistance you could by intervention of others?—A. Certainly, we always do that.

Q. Your letter of the 16th of March reads as follows: 'We beg to offer you the steamer *Miles* for the delivery of lighthouse supplies from Montreal to Fort William

for the sum of \$5,800. The *Miles* classes A one and a half, gross tonnage 1,199 tons. Trusting that our tender will be accepted, &c.'?—A. The Miles Transportation Co.

Q. That is signed 'The Miles Transportation Co.' per yourself?—A. As a director.

Q. Is there anything in the name, you refer to the Miles Transportation?—A. The Miles Transportation Company. We practically have no interest in it.

Q. Then you were making the transaction?—A. For them. The owner lived on the other side. He had another offer in March or April.

Q. That is all right.—A. I think there was a letter on April 18th from the Miles Transportation Co.

Q. There is more correspondence about not having purchased that other ship than anything else.—No, I think if you refer later.

Q. Then the 14th of April, 1905, a letter to you, 'Through absence of clerk you were not notified of acceptance of contract at \$5,800.'—A. That was a wire.

Q. That is a telegram, is it?—A. Yes, sir.

Q. 'But if you wish to withdraw you can do so. (Signed) F. Gourdeau.' Why did he offer you the opportunity to withdraw?—A. Well, I don't know.

Q. Eh?—A. I don't know.

Q. You don't know?—A. No. There is nothing binding in the thing, we are not supposed to hold the boat.

Q. That opportunity to withdraw is followed up a little while afterwards by an increased price paid for the same work?—A. Not for two months after.

Q. I know. That is not an awful length of time?—A. It is a good while.

Q. Why would he write or send you a telegram practically inviting you to withdraw, because this is practically an invitation to withdraw?—A. We wrote him previously to that withdrawing it.

Q. I do not see your letter?—A. You will find the letter on the 16th.

Q. 14th of April?—A. 14th of April, yes.

Q. 14th of April. That is the same date?—A. No.

Q. Listen, please.—A. That is the wire.

Q. If you will just answer my questions. We do not get on very well because we are both talking all the time. April 14th, letter to the Deputy Minister:—'Our Mr. R. O. Mackay is out of town and will not be back before Monday or Tuesday. Therefore we are not able to reply to your message of this date and will have to delay answering until his return.'—A. I—

Q. Listen. I did not ask you a question. That is, as I take it there, you were not able to say yet whether you wished to withdraw?—A. No. There was nobody there had anything to do with it.

Q. All right. Then the next is April 8th?—A. 18th I think.

Q. This is written by Miss M. L. Kelly, is that the one? 'Will you be kind enough to let me know'—written to the Deputy—'if the lighthouse supply boat takes passengers this year. If so what the cost from Toronto and return would be, what time she calls here, etc.'—A. I have nothing to do with that.

Q. That is somebody else, is it, I see. The next is April 18th?—A. Yes, sir.

Q. Hamilton and Montreal Navigation Co., is that you?—A. That is one of our companies

Q. That is one of your companies?—A. Yes.

Q. Written to the Deputy Minister:—'We beg to offer steamer *Lake Michigan* for delivery of lighthouse supplies above Montreal for the sum of \$6,000. You had this steamer some years ago. She is well founded and in good condition and very suitable for the service.' Did you have to do with sending that letter?—A. That was written by my brother.

Q. I see. That was written apparently before my answer was given to this telegram suggesting that you might withdraw the \$5,800 offer?—A. No, that was written afterwards.

Q. Well, where is the answer to this telegram of the 14th of April? We have an answer to the first one, saying you are absent, where is the next?—A. There is a letter we wrote on April 18th.

Q. April 18th, I see. Perhaps I will come to that next time. Here is one to somebody else?—A. It is a letter we wrote them.

Q. April 18th, this is the one perhaps, to the deputy minister: 'Your wire of 14th as follows: 'Through absence of clerk you were not notified of acceptance of contract at \$5,800, but if you wish to withdraw you can do so.' You add to that, 'I find on my return home this morning, and as you never replied to our letter of the 13th, also telegram, and having seen the report in the papers that the government had purchased the steamer *Seguin* for the delivery of lighthouse supplies, we made other arrangements and have placed the *Miles* for the season. The Hamilton and Montreal Navigation steamer *Lake Michigan* is open for charter and the manager will write you offering her to fill the contract. I might say the *Michigan* is well adapted for the service and has got ample accommodation for the government representatives.' You signed that?—A. I did not sign that.

Q. Well, the firm signed that?—A. Yes, sir.

Q. That is one for \$6,000?—A. No, there is another letter.

Q. I know, I have got that. Why did you not put that through at \$6,000?—A. They would not accept it.

Q. Then following that up you made another offer, did you?—A. When we were asked to in June. I think you will find a letter or telegram from the department here asking if we would furnish a steamer.

Q. Yes?—A. And I came down to Ottawa.

Q. Well now, wait please. This is one from Commander Spain, is it?—A. I don't remember ever having letters from Commander Spain.

Q. You don't, eh?—A. No.

Q. Well, where is the next letter you wrote?—A. I came down here.

Q. Where is the next letter you wrote?—A. I have no record of any other letter.

Q. You have no record of any other letter?—A. No, not in reference to that.

Q. You came down here?—A. In June.

Q. Whom did you see?—A. I saw Mr. Zimmerman and I saw Mr. Gourdeau along with Mr. Magee who was interested with us.

Q. What departmental officer did you see?—A. Mr. Gourdeau.

Q. And what occurred between you and him?—A. Well, we told him if we could make arrangements for a term of years we would probably buy one.

Q. You would probably buy one?—A. Yes.

Q. Well?—A. And the matter was taken up with the minister I believe.

Q. I want to know what occurred between you and the deputy minister?—A. That is all that occurred.

Q. You just told him that?—A. I just told him that and remained here several days.

Q. What was said about price?—A. We named a price.

Q. What price?—A. I think we asked about \$8,000 or \$9,000.

Q. Or was it \$10,000?—A. We wanted it for a term of years.

Q. Yes?—A. And ultimately we came down to \$7,500 a year.

Q. For one year?—A. For a year.

Q. Eh?—A. A contract for three years.

Q. A contract for three years?—A. That is \$7,500 a year.

Q. Then did you ask the deputy minister why it was he sent you that telegram suggesting you might withdraw the other offer?—A. No.

Q. Did you ever ask him why it was he sent you that?—A. No.

Q. You never did?—A. No.

Q. Did he ever explain to you why he sent you that?—A. No.

Q. Did you take that as a sort of compliment and favour?—A. No, I don't consider it was a compliment, because I think the money is well earned.

Q. I am speaking about the telegram saying you might withdraw the offer if you wished?—A. I withdrew that offer by the order of the American owners of the boat.

Q. Yes. It was withdrawn after that time?—A. It was withdrawn in April.

Q. The letter was written after that withdrawing it?—A. Before that.

Q. After the telegram?—A. No, no, excuse me. We withdrew the offer and that as a telegram in reply.

Q. Oh, no?—A. I have——

Q. We have the telegram and letters; I have read them?—A. I have copies of them here.

Q. Is this contract—I have gone over the dates already, these are the contracts?—A. Yes, there is one for last year, too.

Q. Which is the first contract here, can you tell?—A. The *Golspie* is the first one.

Q. *Golspie*?—A. That is, 1905.

Q. 10th June, 1905, that is the one, is it? That is the one for the \$7,500. How long did that continue in force?—A. Yes. Well, two years. The boat was lost in 1906.

Q. Oh, this is that same *Golspie*?—A. That is the unfortunate one.

Q. Eh?—A. That is the unfortunate one. It would have been a good job if we had never seen her.

Q. Then after that you got a new contract?—A. No. Last year the Inland Navigation tendered for their supply; they did not have it in 1905.

Q. Did you get a new contract after that for the *Golspie*?—A. No. There was no contract made for last year, 1907, just for the one year.

Q. Then you got a new contract?—A. We did not; a different company.

Q. It is your company?—A. We are interested in it.

Q. That is the same. How much did you get last year?—A. \$7,000.

Q. A little less?—A. Last year business was different to what it was in 1907 and 1905.

Q. I see; prices were coming down. There is some difference. The face of the contract shows the differences. Then how did you get paid for these sums?—A. Paid cash.

Q. At the time of the contract?—A. As soon as it was finished.

Q. As soon as it was finished?—A. After the contract goes in we get our money.

Q. And who certified to it?—A. Mr. Hardy always sends the certificates in.

Q. Mr. Hardy?—A. Mr. Hardy, superintendent, Mr. B. H. Hardy, and he sends it right to Ottawa, and the money is sent on.

Q. Then what about any other contracts that you had with individuals of the department?—A. Any what?

Q. About anything?—A. We don't do business that way.

Q. What?—A. We don't do business that way.

Q. You do not do business that way?—A. You say if we do?

Q. I asked you if you had any other contracts or arrangements with any other officials?—A. No, sir.

Q. Any payments to any officials?—A. No, sir, we don't do that. We have got too many vessels and got to watch them.

Q. You have got too much interest at stake?—A. We don't want grease to our mill; we don't give grease to business.

Q. What do you mean by that expression grease?—A. It is no use of my telling you.

Q. That will do.

JOHN H. MACKIE, sworn.

By Mr. Perron:

Q. Mr. Mackie, you are the manager of the Jones Underfeed Stoker Company.

How long have you been manager?—A. I have been since the formation of the company in the spring of 1906.

Q. Where were you residing then, Montreal or Toronto?—A. Montreal.

Q. Have you always been residing in Montreal?—A. Since my connection with this company.

Q. In 1906?—A. Yes.

Q. When was it in 1906, what month?—A. I am not sure, I think in March.

Q. In March, 1906. Now, you are aware that stokers were sold by your company to the department for the steamer *Aberdeen*?—A. Not by our company, sir.

Q. The Jones Underfeed Stoker Company?—A. We purchased in the spring, I may explain.

Q. Yes?—A. We purchased in the spring of 1906 the assets and good-will of the Underfeed Stoker Company, Limited, and they had a contract with the steamship *Aberdeen*.

Q. Oh, I see. So your company had nothing to do with the original contract?—A. Nothing to do with the original contract, except that we took it over as an account receivable. We had nothing to do with the work. It was one of the assets of the company when we bought in the form of an account receivable, as I remember.

Q. Was the work completed when your company took over the Underfeed Stoker Company?—A. It was.

Q. It was. So you know nothing at all about this work?—A. I know nothing about the detailed work.

Q. Who knows in your company?—A. We have the same workmen who did the work.

Q. The same foreman, you mean?—A. Well, we still have an erecting engineer, we have the same men.

Q. You are aware those stokers were taken away from the *Aberdeen*?—A. No, sir.

Q. You do not know that?—A. No, sir.

Q. You were never told?—A. I was never told. To the best of my knowledge and belief, they are there to-day.

Q. Well, we heard to the contrary in Halifax?—A. Well, it is news to me.

Q. So you do not know why they were taken away?—A. I do not know they were taken away. To the best of my knowledge and belief, they are there to-day and running to-day.

Q. Do you still persist in saying that when we have positive evidence they were taken away?—A. I do not say that.

Q. So your belief might change a little?—A. Yes.

Q. Did you know the late Douglas Stephens?—A. No, sir.

Q. Did you hear of him?—A. No, sir.

Q. Did you know who he was?—A. I don't recall the name. If you tell me his office, I may.

Q. Well, he was inspector of government steamers prior to Mr. Schmidt—have you heard of him?—A. I don't believe I ever heard of him.

Q. Did you hear of a memorandum which had been prepared by the late Douglas Stephens, dated January 12, 1903, for the Deputy Minister of Marine and Fisheries, reading as follows:—‘I have the honour to acknowledge receipt of your letter of the 29th ulto. with copy of the Underfeed Stoker Company's letter in reference to installing these stokers in the boats of the department, and asking if I consider they could be installed with advantage. As the stoker is a comparatively new machine, and not fitted in any steamship to my knowledge, I delayed answering your letter until I saw some of them in use on land boilers. I examined one of the stokers at Matheson & Co.'s works, New Glasgow, on Friday last, and found it to work fairly well. It was fitted under the shop boiler in a large furnace where there was plenty of room to remove the clinkers and ashes. Mr. J. C. Macgregor, the president of the company, was not sure there was any saving of coal. They had on hand about 100 tons of inferior coal which they could not get steam with. With good coal they could get

ots of steam. The furnace was fitted with forced draught, and every condition was favourable. I cannot see how the stoker can be used in the small circular furnaces of the government ships, as there would not be sufficient room for the doors at the sides of the furnace mouth to remove the clinkers and ashes. The natural draught in furnaces as employed in nearly all the government steamers, would not, in my opinion, be sufficient, and forced draught might have to be employed. If a ship was rolling heavily, I am of opinion that the coal would not remain heaped up in the centre of the furnace as it does in the stationary boiler, but would be thrown to the side of the furnace on top of the clinkers and ashes, causing a great waste of fuel. From what I can see of the stokers, they are very good for land boilers, they may save some fuel, and to a certain extent consume the smoke, but in the marine boilers of the government ships I cannot see my way clear to recommend their adoption.'

Q. Did you know of this memorandum, did you hear of it?—A. I did not.

Q. It was never brought to your knowledge?—A. It was never brought to my knowledge until this moment.

Q. Well, this was in 1903, January the 12th. The stokers for the *Aberdeen* were purchased only in 1906?—A. I think that is a mistake.

Q. When were they purchased?—A. They were purchased—

Hon. Mr. CASSELS.—He says they were all in and completed in March, 1906, and he got the bills receivable as part of the assets.

Mr. PERRON.—20th July, 1905, I see—and they were costing \$4,000—I see a letter of 20th July, 1905, signed by the Deputy Minister, which reads as follows:—

'It has been decided that the steamer *Aberdeen* now undergoing repairs at the Colson Iron Works, Toronto, is to be equipped with Jones Underfeed stoker. There are two boilers on board the steamer, and I understand from your representative here that two underfeed stokers will be required for each boiler, which you company will undertake to furnish, install, and put in complete working order for the sum of \$4,000.'

Now, this was in 1905. You know surely of the contract made with the department for the dredge *Israel Tarte* in Sorel?—A. I know there was a contract.

Q. Now, Mr. Mackie, what do you know about this *Israel Tarte*?—A. I know there was a contract, I don't recall ever seeing it.

Q. You never saw this contract?—A. No.

Q. You are not the manager of the company?—A. I am manager of the present company, but that contract was allotted to the old company.

Q. To the old company?—A. Yes.

Q. Well, the contract was made on the 23rd of February, 1905?—A. Yes, that was the old company.

Q. Was it completed when you took charge or took hold of the old company?—A. Yes.

Q. It was entirely completed?—A. I believe so.

Q. You say you took up all the assets and contracts of the old company?—A. Yes.

Q. And also you assumed all their obligations, I presume?—A. Yes.

Q. Well, now, you know no doubt of this clause of the contract between the department and the Underfeed Stoker Company, Limited, which reads as follows.—

'We guarantee that by the use of our stokers an economy of 12½ per cent will be effected in the cost of fuel and labour, using the same class of fuel, as with hand firing, and under ordinary running conditions.'

You know of that clause?—A. That is the usual clause in all contracts.

Q. It is?—A. Yes.

Q. Then do I understand you always guarantee to your customers they will save 12½ per cent of coal, fuel?—A. No, we vary the conditions. We always guarantee 10 per cent, but sometimes more, according to conditions.

Q. This was the special guarantee of 2½ per cent more than you generally guaranteed?—A. Yes.

Q. Well, you have been called upon by the department to make this guarantee good?—A. The old company were, and did make it good. They showed a saving. My memory serves me right they showed a saving of 25 per cent, according to official tests made on the dredge.

Q. How do you know that?—A. Because I have seen among our copies of tests which are still on file a copy of the test on the *Israel Tarte*.

Q. Have you got this test?—A. No.

Q. Where is it now?—A. It is in Montreal.

Q. Will you send it here for Monday?—A. Yes, I will be very glad to.

Q. Send it to Dr. Morse here on Monday by all means.—A. Yes, sir.

Q. When is this dated?—A. I don't know.

Q. You don't know?—A. No.

Q. What other work did you have for the department, what other contracts did you take?—A. The only contract I have had, as manager of the company, was an auxiliary air equipment for the ss. *Aberdeen* when she was being equipped to go deep water service. That came under my jurisdiction.

Q. When was that?—A. The summer of 1906.

Q. Who made the contract with you, I mean what official of the department.—Commander Spain.

Q. Commander Spain?—A. The amount was \$570.

Q. And you say it was for the steamer *Aberdeen*?—A. Yes.

Q. Did you go on board the ship then?—A. I did.

Q. Were your stokers in at the time?—A. They were, and working satisfactorily.

Q. Well, it does not appear so, from what we heard in Halifax.

By Hon. Mr. Cassels:

Q. Where did you go on board?—A. In Quebec, your honour.

By Mr. Perron:

Q. She was in Quebec at the time?—A. Yes.

Q. Now, do you tell me this contract of \$570 was for the purpose of improving the stokers which had been already put in?—A. Not for improving. It was an additional auxiliary equipment. It was an auxiliary air equipment, not the stokers proper.

Q. You did not sign any contract at the time?—A. It was not in the form of a contract, it was a letter. What I mean is, the same paper was not signed by both of us. We made a quotation of \$570, and he wrote a letter accepting it, and I think I have it with me.

Q. Have you got this letter?—A. I think I have.

Q. Will you let me have it?—A. (witness produces letter.) I find it is just a copy of it.

MR. PERRON.—I put in this letter my lord of the 18th of April, and telegram of the 19th of April, 1908, attached.

(Letter and telegram marked Exhibits 430 A and B.)

Q. Now, did you go down to Quebec yourself?—A. I did.

Q. Whilst this equipment was being put in?—A. Not while it was being put in. I went down to look the situation over in view of making a proposition.

Q. You went there with Commander Spain?—A. No.

Q. Whom did you see there outside of Commander Spain, Mr. Thompson, Mr. Schmidt?—A. I saw the engineer of the boat, I don't remember his name.

Q. Who was that?—A. I don't remember his name.

Q. You saw Mr. Schmidt?—A. I don't remember.

Q. Inspector of government steamers, did you?—A. I don't remember, sir. I saw the engineer there, I went over it with him. I don't remember his name. It might have been Mr. Schmidt.

Q. Have you got your books here?—A. Yes, sir.

Q. Well now, let us see the accounts you have with the officials?—A. I have a detail of it right here.

Q. The books?—A. (Witness produces books.)

Q. You see this is transfer account No. 2, \$4,000 account. Where is the \$4,000 account now?—A. That is in the books of the other company. We bought that account, you see.

Q. Yes. But it is more than \$4,000, it is \$4,031.15.—A. Yes.

Q. Where are the books of the old company?—A. Some of them are in Toronto, some in Montreal.

Q. Why did you not bring them?—A. I did not know it was necessary.

Mr. WATSON.—The agent in Toronto said you had all the books.

Mr. PERRON.—That is the reason why you were subpoenaed. We want all those books, Mr. Mackie. I am sorry to say you will have to get them.—A. What do you want.

Q. We want the books referring to this item of \$4,000, all the books in which there are transactions with the department or its officials. Well, now, let me see, have you got the names of any one of the officials in this book?—A. No, sir.

Q. In the index?—A. No, sir.

Q. Do you know of payments being made, if some have been made?—A. I know of the payment of \$4,000, and the payment of the \$570.

Q. What do you mean, you know of payments made by the department?—A. Yes.

Q. That is not what I am asking you at present. I mean payments made by the company, by the Jones Underfeed Company, or by the old company on account of these contracts?—A. Oh, for material?

Q. No, no. We are not particular about material?—A. I know of every item that was paid; on the item of \$570, that came under my jurisdiction.

By Hon. Mr. Cassels:

Q. Mr. Perron is asking what sum you paid to the officials?—A. None whatever, absolutely none. To the best of my knowledge, I have looked over them, to the best of my knowledge and belief, the old company never paid a dollar to a soul.

By Mr. Perron:

Q. To the best of your knowledge and belief. What is left behind that?—A. Well, I was not personally conducting the business of the old company.

Q. Have you been going through their books?—A. I have.

Q. The whole of their books?—A. Yes, sir.

Q. The complete set?—A. I did not go through personally. I had my clerk go through it.

Q. Well, you know the names of the officials of the department here?—A. The majority of them.

Q. The majority of them. Well, have you seen their names in those books?—A. Certainly not.

Q. In the cash book?—A. Certainly not.

Q. Or on the stubs of the cheques?—A. No, absolutely nothing of the kind.

Q. Well, what have you paid yourself, what have you given on this contract of \$571?—A. I have a list here.

Q. I mean to the officials?—A. Nothing, absolutely nothing.

Q. Have you endorsed notes for them?—A. No, sir, I have not even given any favours such as endorsing notes.

Q. You pledge your oath to that?—A. I pledge my oath.

Q. That is all.

HENRY YOULDEN, sworn.

By Mr. Perron:

Q. What business are you in?—A. Foundry machinery, foundry boilers.

Q. Kingston?—A. Kingston.

Q. You are in partnership with Mr. Youlden?—A. Selby.

Q. You are Mr. Youlden?—A. I am Youlden. Selby is the senior partner.

Q. I beg your pardon, sir, I did not catch your name when you were sworn. Well you have been dealing with the Department of Marine and Fisheries for quite large amounts. Any contracts?—A. Yes.

Q. You had contracts?—A. Yes.

Q. How many contracts did you have?—A. If I remember rightly, three.

Q. Three or two?—A. I think I had a contract for the *Scout's* engine, and I think I had a contract for the *Reserve* boiler.

Q. Those contracts represent only a small part of the total amount for which you sold to the department?—A. Yes.

Q. About one-fifth, not quite one-fifth?—A. Yes.

Q. And the balance of your account, the prices were not fixed in advance?—A. Whatever would be the common daily prices charged to other people.

Q. That is not what I am asking you. You tell me you had contracts in writing for about one-fifth?—A. No, you say one-fifth.

Q. You said I was right, so we agree on that, we both say it now?—A. You might make a mistake as well as me.

Q. I am asking you now whether for the balance of your account prices were fixed beforehand?—A. Usually. They have usually asked the price.

Q. Who was asking you for prices?—A. Mr. Fraser.

Q. J. F.?—A. Mr. J. F. Fraser.

Q. Yes. And is he the only one?—A. The late Captain Allison, he was the principal one on the *Scout*.

Q. I see most of your dealings were with Mr. J. F. Fraser?—A. Yes.

Q. And all these accounts, or most of them, are for work done for the Presco agency?—A. Well, usually for the steamer *Scout* or the *Reserve*.

Q. Yes. Well, now, Mr. Youlden, how much did you get over retail prices?—A. Over retail prices?

Q. Yes?—A. Not a farthing.

Q. Eh?—A. None, only regular prices.

Q. What do you call regular prices?—A. If there was any iron pipe or anything of that sort we took regular prices.

Q. What do you call regular prices?—A. The prices of the time, whatever the time might have been. There are changes, you know.

Q. The Department of Marine and Fisheries were your largest customers?—A. No, sir.

Q. They were not?—A. No, a small item.

Q. Well, you must be doing quite a large business?—A. We have quite a large business. It would not amount to a hill of beans.

Q. Have you your books there?—A. They are all here.

Q. Those are your books?—A. Yes.

Q. Where is Mr. Fraser's name in them?—A. Mr. Fraser's name?

Q. Yes?—A. Not in the books unless in connection with orders sent for work.

Q. Did you not sell him goods?—A. Sell Mr. Fraser goods? Not himself. Anything there is for the department.

Q. I mean did you transact business with him?—A. Mr. Fraser, yes.

Q. I mean personally, for his own benefit?—A. No, sir.

Q. Now, Mr. Youlden, in the ordinary course of your business you do not make cheques payable to cash?—A. Sometimes.

Q. Why?—A. If we want money in the office for any special purposes. We are paying out for lots and lots of things.

Q. For any special purpose?—A. You can take it that way. If we want cash in the office to pay for a pound of nails or a ton of hay we usually make it to cash and keep it in the office.

Q. That is what you would call a special purpose?—A. You can call it that if you like.

Q. I ask you what you mean?—A. You can change that to general purposes.

Q. But you are changing it now. I should like very much if you could explain what you meant by special purposes?—A. Well—

Q. Cannot you explain what you meant by special purpose? You have not used this word for nothing?—A. Perhaps I was a little bit hasty in using 'special.' It is general purpose for the use of the office.

Q. You say now you should not have used that word?—A. I should not have used special purpose.

Q. Well, now, take a cheque of \$100 payable to cash, that is rather a large amount or a ton of hay?—A. Yes. It ain't often you pay \$100 for a ton of hay.

By Hon. Mr. Cassels:

Q. I think what the witness meant was cash for different purposes, special purposes.—A. Yes.

Mr. PERRON.—I am taking the answer of the witness as he gave it.

Hon. Mr. CASSELS.—I do not think the witness meant that.

Mr. PERRON.—No.

Q. I see two cheques here of \$100 apiece, one of November the 19th, 1904, and one of November 22nd, 1904?—A. Yes.

Q. Now, can you show me in the cash book what those cheques were for, any trace of them?—A. They are there. You can look in them.

Q. You know the books better than I do?—A. I might not be able to. Is this 1904?

Q. I do not know. I do not keep them?—A. 1904, what date?

Q. November the 19th?—A. Cash?

Q. \$100.—A. Hold on. Cash. Will you make out what that is?

Q. Gananoque. What is that for?—A. That is—

Q. You are not bound to give me your private business. What I want to know from you is, were not those \$100 cheques employed for commission or otherwise?—A. How do you mean?

Q. For the employees of the department?—A. Certainly not.

Q. I am asking you.—A. I say no.

Q. That ends it. Now, what about the other \$100. November 22nd?—A. Something in Gananoque, it would likely be work down there.

Q. I do not see it.—A. Corporation of Gananoque, 683.

Q. That is \$100.—A. Where?

Q. This cheque is \$150.—A. Here it is, cash. I tell you what that is likely, taken out by Mr. Selby to pay men in Gananoque. He takes the cash, and takes it down there, and pays certain wages.

Q. Did you have work going on in Gananoque?—A. Yes.

Q. You remember that, it is a matter of personal recollection?—A. Yes. We were putting in steel flumes about that time, I am positive about that.

Q. Whom did you know besides Mr. Fraser?—A. Mr. Noble, in fact I knew all the officials on the *Scout* and *Reserve*, the captain, Captain Allison, they came to our place always when they came to Kingston.

Q. Now, did you have transactions with them?—A. Which?

Q. Did you have transactions with them?—A. Yes, transactions with the captain, Captain Allison when he was there, and afterwards Captain Sughrue.

Q. What transactions?—A. They brought in work to do in the shop; if there was a breakdown, or anything of that sort, they came in and gave us the work. We did it and they certified to the accounts, and we got our money.

Q. And that is all?—A. That is all, finished at that.

Q. Now, can I find the names of any one of them in your books?—A. I don't know, I don't think you can.

Q. Can we?—A. I don't think you can. I won't swear to that.

Q. You won't swear to it?—A. Simply because I have not examined the books thoroughly. I have not gone over them myself. When coming away from there I told the bookkeeper to get everything up called for by the subpoena, and I expected him to send them down to me. He sent certain books and cheques. I wired him to send the cheques and all in connection with the department from the year one, if possible, and get through. I don't want to be kept here long. He sent here everything. They will tell for themselves everything there.

Q. Now, Mr. Youlden, all these employees were giving you lots of work?—A. No.

Q. You say you were doing a very large business, but they were treating you well, giving you lots of work. You did not do anything for them at all?—A. How do you mean?

Q. Just help them out a little?—A. No, sir.

Q. Men who were bringing work to you, helping you to get contracts.—A. They didn't ask for anything. I might have given a cigar off the desk.

Q. We won't take that into consideration; outside of cigars.—A. Nothing.

Q. Discounting notes?—A. Nothing.

Q. Lending them money?—A. Nothing.

Q. You say so?—A. I say so.

Q. All right, sir. That is all.

JOHN H. DAVIS, recalled.

By Mr. Watson:

Q. Mr. Davis, when you were here last, you were good enough to say you would get some information for us.—A. I have all the papers here we have in the office.

Q. What have you got now?—A. I have the bank cheques, stubs, bank-books, letter-books, and the letters and journals leading up to the present time.

Q. The Davis Dry Dock Company, Kingston, \$4,460. Now, you had a contract on the 4th of July, 1905?—A. Yes, sir.

Q. And that contract was for \$6,745?—A. Yes, sir.

Q. And the account there is just in bulk for the sum of \$6,745. My recollection is you had no entries in your books at the time?—A. Not at the time.

Q. What have you got now?—A. We have the lump sum of the contract entered.

Q. Let me see it, please. Where is it, please?—A. (Witness points out entry).

Q. That is it?—A. Yes, sir.

Q. This is the one you showed me before, \$6,745. That is just all. You were not getting anything else?—A. No, you asked me for the cheques.

Q. You were to get something showing the details?—A. There are no details.

Q. Of that item of \$6,745?—A. No, it was entered from the contract.

Q. I know, entered from the contract, but did you keep a record of the expenditure?—A. Not necessarily, no.

Q. Well?—A. No, we did not keep a regular account of the cost of the work.

Q. Not a regular?—A. One.

Q. Let me see a year ago, one item?—A. We have no cost of the work of that contract.

Q. What?—A. We have no cost of the work of that contract, in connection with that contract.

Q. You kept some tract or trace?—A. We did at the time in a slight way, that is we had time sheets which were sent in by the men, they were signed by the men as the work was done, and if a dozen men were on the boat in a day their time was entered up on the time sheet and sent into the office, and at the end of the contract the thing was totalled up, and we just compared it with the contract cost.

Q. Where are those papers?—A. They are destroyed. They are only kept for a year.

Q. Eh?—A. They are only kept from year to year.

Q. Do you recollect destroying them?—A. Yes, I gave orders to have them destroyed.

Q. When did you give orders?—A. At the end of the year.

Q. What year, last year?—A. 1905.

Q. Do you recollect giving such orders?—A. Yes, sir.

Q. To whom?—A. To the book-keeper.

Q. To the book-keeper?—A. To gather up the time sheets, and I looked after the destruction of them myself.

Q. You had them destroyed?—A. Yes, sir.

Q. So you have no idea what the details of that are, how constituted?—A. No.

Q. Not at all?—A. No.

Q. Then, what record have you got that pertains to that? I want to see the cash book?—A. I stated the other day we have no cash-book.

Q. You must have paid out money?—A. Paid out wages.

Q. Perhaps paid out other moneys?—A. No.

Q. I want to see?—A. The cheque-books will show.

Q. Have you any cash-book?—A. No, sir.

Q. Never kept a cash-book?—A. No, sir.

Q. Do you keep a ledger?—A. We keep a ledger.

Q. Where is the ledger?—A. You have it before you. That is the only entry we make in a contract, when we receive a contract we enter the lump sum of the contract in the ledger, and that is all there is to it.

Q. You make no other entries?—A. No.

Q. What is this book?—A. Journal, day book.

Q. What does that show?—A. I think that shows the entry.

Q. Whereabouts? Page 491, let us see those cheques?—A. I said the other day the cheques were destroyed.

Q. Well what have you got?—A. I have not anything further.

Q. Where is the cheque book?—A. Here. (Producing).

Q. And these cheque have been destroyed. Why did you destroy the cheques?—A. I don't know.

Q. When did you destroy the last?—A. I have not destroyed any since 1906.

Q. You have not destroyed any since 1906?—A. Yes.

Q. When was the last destruction of cheques, in 1905?—A. In 1906.

Q. What time in 1906?—A. About the—I think it was something along in September or October, I am not sure of the date.

Q. 1906?—A. Yes.

Q. Then you destroyed everything up to that time?—A. Up to that time.

Q. Where are the cheques, this is the bank book?—A. The cheques are destroyed.

Q. The bank book is no good to anybody, just an odd lot of figures, nothing to identify anything in this?—A. There are no cheques or stubs.

Q. Where are the cheque book stubs?—A. That is destroyed.

Q. That is destroyed?—A. That is destroyed.

Q. Just try and think? You said the other day you were not quite sure.—A. I said afterwards they were destroyed up to the time of the clearing of the office.

Q. I understood you to say you were not quite sure.—A. You asked me positively, I said I was.

Q. Have you had any search made since?—A. The night before I telegraphed for all papers in connection with government contracts.

Q. What did you get?—A. That is what I have got.

Q. What did you get?—A. The letter book and cheque book.

Q. I want to see the cheque book.—A. At least the bank book.

Q. The bank book is no good for anything? Can you show anything by this bank book? You see then your position is this, you are not able to give us any information as to disbursements incurred by you at the time of the performance of this contract: that is right? So you do not produce any record from which we can ascertain whether any disbursements were made to officials, do you?—A. I do not.

Q. You do not, I see. No cheques, no cheque-books, no cash-books, no books to show?—A. No, sir.

Q. I see. When payments were made who made them?—A. Well, they were signed by Mr. Davis, senior, the cheques were.

Q. By Mr. Davis, senior?—A. Yes.

Q. I see, for instance, one little stub of a cheque book, this is 1906, I see here is one for January the 5th, 1907, 'amount of and \$20 for other use.' What is his name?—A. That is general expenses.

Q. But the other man, what is 'other use'?—A. General expenses in connection with the business.

Q. Other use?—A. Yes, sir.

Q. How do you know?—A. Well, I know, I am certain.

Q. Eh?—A. I am certain of it.

Q. Is this yours?—A. It is not my signature, not my writing.

Q. Who got the money?—A. The money was drawn by Mr. Davis, senior.

Q. Then it is his handwriting?—A. Yes, sir.

Q. I suppose you may not personally have knowledge of what the other \$20 is for?—A. I say for general expenses, in connection with the running expenses of the place. You will see, if you carefully look.

Q. If I carefully look. Will you please carefully look and see what that \$20 was applied for?—A. Yes, sir. I don't know about that particular \$20.

Q. That is what I am asking you about. You say then, after looking carefully, you cannot tell?—A. No. A case such as that—

Q. Don't get away from one thing on to something else?—A. Well, I cannot state definitely.

Q. You cannot tell definitely what that was applied for?—A. No, sir.

Q. That is what I supposed you could not. Then what official was there with you most?—A. In which way?

Q. In any way, during the time of the performance of the work?—A. There were no officials there.

Q. They come to you sometimes?—A. Well, the only officials we saw in connection with the work were the inspectors.

Q. The inspectors?—A. Yes.

Q. Did you meet Mr. Inspector Schmidt?—A. No, sir.

Q. What was the name of the inspector you met?—A. Mr. Davis of Kingston.

Q. I thought that was your name.—A. That is my name. There is another Davis, there is more than one. He is steamboat inspector, Kingston. There is Mr. Thomson too, steamboat inspector at Kingston.

Q. These are the men you had to do with?—A. We had not anything to do particularly, only they pointed out what was to be done and not to be done.

Q. It was done under their direction?—A. It was done under their direction.

Q. Now, Mr. Schmidt, superintendent, has said that in his experience it is practically a universal custom that engineers and inspectors get some recognition off and on, get some tips and little benefits off and on.—A. I know nothing whatever of it.

Q. I know nothing whatever of it.

Q. You know nothing if it?—A. No.

- Q. You know nothing of their getting it?—A. Or any person getting it.
 Q. Do you know of any of them asking for it?—A. No sir.
 Q. Or being paid it?—A. No sir.
 Q. Eh?—A. I am certain no one was ever paid from our business, or from any of the officials of our business.
 Q. I see. You are quite certain of that?—A. We do not——
 Q. Did any of them ever ask for it?—A. No sir.
 Q. Then did you have an account with any of the officials?—A. No, sir.
 Q. Did you have an account with Mr. Fraser?—A. No sir. We never done any work for him personally.
 Q. You did not. Where were you when you got the contract, here in Ottawa?—A. In Kingston.
 Q. When you got the contract?—A. Yes, sir.
 Q. Who was the official who made terms with you?—A. Why, I think it probably came direct from the Minister of Marine and Fisheries.
 Q. You mean, I suppose——A. From the department. I do not know the signature.
 Q. No dickering about prices?—A. No.
 Q. Yu asked a price and got what you asked ?—A. Yes.
 Q. That is the way it was, I see. No competition that you are aware of?—A. Not at the time.
 Q. No?—A. No, I would not be sure about that.
 Q. You do not know of any competition?—A. No.
 Q. You do not know of any advertising?—A. No sir.
 Q. You offered to do it at a certain price and got it at that price?—A. Yes.
 Q. And you say you have not given any benefits to anyone?—A. To no person.
 Q. You fixed your own prices?—A. Yes.
 Q. I suppose they were good enough to satisfy you?—A. Not very satisfactory in this particular case.

By Hon. Mr. Cassels:

- Q. Carried to profit and loss?—A. No.
 Q. Did you carry any loss when you balanced up?—A. No, general fund.
 Q. In making your yearly balance sheet did you show if you had a loss or profit on this contract?—A. No, we don't.
 Q. How do you work the business?—A. Well, from year to year, it is carried on in that way.
 Q. You might have lost \$5,000 on this contract?—A. Possibly.

By Mr. Watson:

- Q. But you had good fortune in getting that advance of \$2,500?—A. That accompanied the contract.
 Q. That accompanied the contract?—A. I believe so.
 Q. When you signed the contract you got \$2,500 spot cash. Was that the result of some special effort on your part?—A. No sir.
 Q. I see, that was voluntary. How did they know you were going to perform the contract?—A. They gave us a written contract, and that was to be carried out under the supervision of the inspectors at Kingston.
 Q. However, you got that advance of \$2,500?—A. Yes, sir.
 Q. That was a sort of favour?—A. I don't think so.
 Q. You don't think so?—A. It is the usual form.
 Q. Well, that will do.

WILLIAM H. REID, sworn.

By Mr. Perron:

Q. Mr. Reid, you are one of the members of the firm of the Reid Wrecking Company?—A. Yes sir.

Q. The sole partner, or in partnership with somebody else?—A. I am treasurer of the company.

Q. Oh, it is an incorporated company?—A. Yes.

Q. A joint stock company?—A. Yes.

Q. You are the treasurer of the company?—A. Yes, sir.

Q. Well, you had quite large transactions with the Department of Marine and Fisheries?—A. Yes.

Q. No contract except one?—A. We had contracts in all cases.

Q. In all cases?—A. Yes.

Q. Did you have a contract for removing the lighthouse keepers?—A. We had a fixed price.

Q. You had a fixed price of how much?—A. It is in the books:

Q. In your books?—A. Yes, sir.

Q. Will you let me see them?—A. (Witness produces books.)

Q. You are now showing me a list of all the work you did for the Marine and Fisheries Department?—A. Yes, sir.

Q. Now, you say you had a fixed price for this work, removing the lighthouse keepers?—A. Yes, sir.

Q. Now, with whom did you make this arrangement?—A. The arrangement was made with Mr.—, the arrangement was made at Fort William.

Q. With whom?—A. And communicated to the department here. An inspector was put on the boat up there, and the arrangement was at \$25 an hour for breaking ice.

Q. And removing those people?—A. And removing those people.

Q. What I want to know is, with whom was this agreement made in Fort William?—A. Mr. Brunel did the telegraphing.

Q. Is he an employee of the department?—A. Yes, sir.

Q. Did you make this arrangement yourself?—A. No, but it was communicated to us. We wired our captain, and he completed the arrangement up there.

Q. Who communicated the arrangement to you?—A. Our captain.

Q. Who is he?—A. Captain Reid, a brother of myself.

Q. Captain Reid, your brother, the captain on board the ship?—A. Yes.

Q. And they telegraphed?—A. They said they wanted to get these men, and we wired what we would do it for.

Q. And he told you he had arranged for that price of \$25 an hour to break the ice?—A. Yes, sir.

Q. And then did you write to have this agreement confirmed?—A. It was all done by telegraph.

Q. With whom did you communicate here in Ottawa?—A. Mr. Brunel got all his instructions from Ottawa.

Q. Mr. Brunel got all his instructions from Ottawa?—A. To accept our price and employ the tug.

Q. Who was Mr. Brunel?—A. He was superintendent in charge up there.

Q. Superintendent in charge of the government works?—A. Yes.

Q. Employed by the department?—A. Employed by the department.

Q. Is he still there, do you know?—A. He was there a short time ago.

Q. He is still employed by the department?—A. The last I heard of him.

Q. When was that?—A. Two years ago.

Q. Superintendent in charge of the work?—A. Yes.

Q. In the Department of Public Works?—A. Public Works, I think.

Q. I think you are right too. Do you tell me now, after you had received this communication from your brother, that you did not communicate with Ottawa in order to have this agreement ratified?—A. Well now, I have not gone over those telegrams, we have a bundle of telegrams, they may verify.

Q. Anyway, you performed the work?—A. We performed the work.

Q. At \$25 an hour?—A. At \$25 an hour.

Q. And rendered your bill for \$25 an hour?—A. Yes, sir.

Q. And got paid?—A. And we got paid.

Q. \$25 an hour?—A. Yes.

Q. Sure of that?—A. Yes, sir.

Q. Your books will show that?—A. Yes, sir.

Q. Will you let me see?—A. Yes, sir. Here is an extract from the book.

Q. Let me see your book. I should like to see your book.—A. (Witness turns up book.)

Q. Of course the payment will appear in your ledger and your cash book, but perhaps the ledger will be the more convenient.—A. We don't keep any cash book. There is the charge. (Indicating.)

Q. There is a charge of \$9,000 and \$2,400?—A. Yes.

Q. Where is the record of the payment?—A. (Referring to books.) When is that?

Q. The charge I understand is January the 3rd, 1905.—A. Oh yes. July the 20th. There is one cheque. (Indicating.)

Q. \$5,000, is it?—A. Yes.

Q. Where is the balance now?—A. Here on July the 20th, Department of Marine and Fisheries, \$5,000 cheque.

Q. Yes. Let us see the record, will you?—A. This is the Bank of Commerce, all these items.

Q. This is your cash book?—A. This is your journal, a combined cash book and journal.

Q. It is equivalent to a cash book. Let us see the other payment.—A. December the 2nd, well, December the 2nd there is a balance, December the 2nd, Marine and Fisheries, \$5,744.

Q. Covering the whole of the charges?—A. That \$5,744.75 is two items of December the 2nd, barge \$25, Department of Marine and Fisheries, \$5,720.

Q. Anyway, your books show you received \$11,000 some odd dollars?—A. Yes, sir.

Q. Now, will you look at this now, this voucher?

(Voucher marked Exhibit 431.)

Q. Do you see the reduction there?—A. Yes, sir.

Q. What does it mean by this voucher? You had charged \$25 and your account was reduced to \$20?—A. Eh?

Q. Yes, it is quite surprising, is it not?—A. We made a rebate.

Q. You told me a minute ago you got the money. If you made a rebate you did not get the money.—A. This is the account.

Q. Explain to me. You said you had an agreement at \$25 an hour, you show by your record that you were paid \$25 an hour?—A. Yes.

Q. And I have this voucher which shows the price was reduced to \$20 an hour, you were paid only \$20 an hour?—A. Well, I will tell you. Here is the journal entry.

By Mr. Watson:

Q. I thought the entries showed the payment of the whole account?—A. No.

By Mr. Perron:

Q. That is what you told me.—A. The books show there was a rebate.

Q. Let us go back. Why did you tell me you received the whole amount of \$25 an hour?—A. \$25 an hour was the amount we charged.

Q. Let us keep to what we were at. I have asked you whether or not your books were showing you had been paid \$25 an hour. You told me yes.—A. Yes, sir.

Q. Do you persist in that?—A. We charged \$25 an hour.

Q. Do not escape. You stated to me your books show you had received \$25 an hour?—A. There is a rebate I say.

Q. Your books do not show that?—A. No.

By Mr. Watson:

Q. The books do not show the rebate?—A. Yes, it does.

By Hon. Mr. Cassels:

Q. The books show the amount after the rebate?—A. Every dollar we received from the government.

By Mr. Perron:

Q. Let us get the figures, the dates and so forth. How much money did you get?—A. The charge in the books——

Q. No. Show me the receipt in the books.—A. Here is an extract from the books.

Q. Let me see the books themselves.—A. All right, sir.

Q. The first payment, how much?—A. There is the charge.

Q. Yes, \$11,400?—A. Yes.

Q. Well, let us see the payments now.—A. And the payments, July the 20th, \$5,000.

Q. July the 20th, \$5,000?—A. Yes.

Q. And?—A. December.

Q. December, what year?—A. 1905.

Q. How much?—A. \$5,720.

Q. \$5,720?—A. Yes, sir.

Q. That is \$10,720?—A. Yes, sir.

Q. That is all that you received?—A. Yes, sir. I can explain why that difference was.

Q. We will come to it. Well now, that is only \$680 reduction?—A. Yes, sir.

Q. The account which I have now before me shows that the reduction made, and accepted by you evidently, because your signature is here, see, (exhibiting), amounted to the sum of at least \$1,800?—A. Yes.

Q. And you see, you have accepted the reduction there?—A. Yes, sir.

Q. Now, your accounts do not tally at all with this voucher. Your books show that you have reduced, deducted \$680?—A. Yes.

Q. That is all. Now, according to this voucher you had agreed to reduce the account by \$5 per hour for 360 hours, which would make \$1,800. Where is the \$1,000 gone, the \$1,200, where is it gone? Why did you get it, and what did you do with it?—A. I cannot figure out why that \$5 reduction was made. I can explain the other reduction.

Q. We must not get away from that \$5.—A. The bargain is \$25 an hour, I know that.

Q. The facts you cannot dispute, they are before you. You charged \$25 an hour, you afterwards had your account reduced by \$5 an hour, you accepted it yourself, there is your signature, your signature is there, and you got paid \$1,140 more than you are entitled to. What did you do with that money?

Hon. Mr. CASSELS.—He gets more than that.

Mr. PERRON.—\$5 an hour.

Hon. Mr. CASSELS.—\$1,604 off his account.

By Mr. Perron:

Q. How did you come to get more than you were entitled to?—A. I cannot figure why that \$5 was made. The bargain was \$25 an hour.

Q. Oh yes, but you accepted a reduction of \$5.—A. I did not accept.

Q. But see. (Exhibiting bill).—A. I see that bill marked, but I cannot figure why that was.

Q. But when you made this bargain for \$25 an hour, there was an understanding of some kind?—A. There was an understanding of \$25 an hour, and the only dispute, Mr. Brunel was down here, the only dispute was on the time, and we made an allowance for that.

Q. You made an allowance on the time?—A. Yes. We carried out the agreement at \$25 an hour as it was made.

Q. You say now Mr. Brunel came down here and interviewed whom?—A. He was down here, and Mr. Fraser was down here.

Q. B. H., or J. F.,?—A. The one connected with the lighthouse department.

Q. That is Mr. J. F.?

Hon. Mr. CASSELS.—No, B. H.

By Mr. Perron:

Q. Do you see him in court? And there was a general discussion between you?—A. Mr. Brunel.

Q. Mr. B. H. Fraser and Mr. Brunel?—A. Yes, sir.

Q. And at this time it was contended by Mr. Brunel that you had charged more time than really you had been employed?—A. They claimed we had too much time charged.

Q. That you had overcharged them so far as time was concerned?—A. We fixed the time of the return from the Soo, we stopped at the Soo.

Q. I am not saying you are at fault. I want to know what Mr. Brunel's contention was. He contended, if I understand you well, that you had charged too many hours?—A. He contended we wanted too many hours to return from the Soo.

Q. And you agreed to deduct how many hours?—A. We agreed to deduct—

Q. I want to know. You agreed to deduct how many hours?—A. It would figure 27 hours.

Q. Now, why do you say that time allowed to return to Sarnia, 96 hours, \$1,920. Did you deduct that, or what did you do? There is your own signature. (Exhibiting).—A. This is B. H. Fraser.

Q. I know, but this Reid. (Indicating)?—A. Yes.

Q. The two of them are not right?—A. I do not remember of any such figure being on when I O.K'd them.

Q. Do you say some ink writing was put on after you signed?—A. I have no recollection.

Q. It is most important, Mr. Reid?—A. I know it is.

Q. We must find out. Do I understand you to say that when you initialed, O.K.'d this thing, there was nothing written on except typewriting?—A. It is very evident that that was on there.

Q. It was when you signed, was it or was it not? Let us find out.

By Mr. Watson:

Q. Then you agreed to accept a smaller sum than you afterwards received? That seems to be the plain English of it, Mr. Reid?—A. I will tell you what that is.

Mr. PERRON.—Now, if you could explain this point, there is no doubt, you see, now, that you have received—

Hon. Mr. CASSELS.—Just allow me one moment. I understand the witness mentioned Mr. Gourdeau.

Mr. PERRON.—Mr. Brunel. He is one of the employees of the department in Fort William.

Hon. Mr. CASSELS.—My mistake.

Mr. PERRON.—Now, it is quite evidence that you have received a good deal more than you had agreed to take?—A. My recollection now of this arrangement here is that Mr. Fraser—

Q. Mr. B. H.?—A. B. F. or B. H., contended that there was no such an agreement as \$25 an hour. I was trying to get the amount settled, and he said, 'if you will take so much money we will get it fixed up for you.' But we never got it fixed up, and we did not get it fixed up until Mr. Brunel was brought down, and he understood the arrangement thoroughly with the exception of the time, you understand.

Q. Yes?—A. And they settled on that basis.

Q. Do you say now, do you pretend now they paid you \$25 an hour?—A. They paid us \$25 an hour.

Q. And the sole reduction was on the number of hours?—A. This here settlement was disregarded entirely.

Q. This one?—A. Yes. This one was disregarded entirely.

By Mr. Watson:

Q. After it was signed?—A. They would not accept it. Then we got Mr. Brunel down and he verified it.

Mr. PERRON.—Let us see the bunch of telegrams you spoke of. We will try to find out.

Mr. WATSON.—That reduction is marked, according to that, it is initialed by all parties. Did that pass through the Auditor General's hands?

Hon. Mr. CASSELS.—I do not think the reduction itself is initialed, it is right at the bottom, but it is the voucher upon which it was paid.

Mr. PERRON.—This comes from the Auditor General's office?

Hon. Mr. CASSELS.—Yes. That is the direction to pay, initialed by Mr. Fraser.

Mr. PERRON.—That is paid in accordance with the contract.

Hon. Mr. CASSELS.—Certainly. They had overpaid \$1,604. The total reduction is \$2,280, this he actually reduced by \$676, deduct \$676, that leaves \$1,604. That is the amount of the over-payment.

By Mr. Perron:

Q. Where are your stub cheques?—A. We have no stubs.

Q. Where are the stubs?—A. The stubs, I could get them.

Q. You will have to get them.—A. But I tell you our bank book is balanced every month, every item appears.

Q. I know. But we want the stubs.—A. Every item of payment is in it.

Q. Well now, you cannot explain how you ever came to get \$1,604 more than you had agreed to accept?—A. Yes, I can. When I came down here at this time I tried to get that settled up.

Q. What date was that?—A. It was initialed on there.

Q. June the 13th?—A. January.

Q. No, July the 13th, 1905.—A. January, was it not?

Q. No. There are so many dates I cannot very well see what you mean.—A. I was not here in July, I know that.

By Hon. Mr. Cassels:

Q. January of what year?—A. 1904.

Mr. PERRON.—You told me you came down here in January, 1905|

Mr. WATSON.—July the 13th in where his signature is.

Mr. PERRON.—That is the date he got paid.

Hon. Mr. CASSELS.—He got paid the 20th of July, \$5,000.

Mr. PERRON.—Yes, the balance.

Hon. Mr. CASSELS.—No, that was the advance.

By Mr. Perron:

Q. Now, Mr. Reid, can you find in your books a payment on the 13th of July?
—A. On the 13th July?

Q. Of June?—A. No, sir.

Hon. Mr. CASSELS.—He did not finish his statement about coming down here in January, 1905.—A. I do not think I was down here in July.

By Mr. Perron:

Q. When were you first here?—A. In the winter time, in January.

Q. What took place then?—A. I tried to get the account settled up.

By Hon. Mr. Cassels:

Q. January of what year?—A. 1905.

Q. I do not understand. However, tell your story.—A. I tried to get together with him on the amount, Mr. Brunel was away, with, I think Mr. Fraser.

By Mr. Perron:

Q. Mr. B. H. Fraser?—A. Yes. I was willing to call it \$20 an hour.

Q. You were willing to call it \$20 an hour?—A. Yes.

Q. You stated so to Mr. Fraser?—A. I told him the agreement was \$25 an hour.

Q. But you told Mr. Fraser at the time you were willing to accept \$20?—A. If I got paid right then.

Q. You told him you were willing to take \$20?—A. If paid then.

Q. Yes.—A. Well, that settlement was called off.

Q. Why? When was it called off?—A. Well, it was called off shortly after that time.

Q. Listen. On this day you had an interview with Mr. Fraser, and you told him you were ready to take \$20 an hour. What did Mr. Fraser tell you?—A. He told me he would let me know right off if they would take it, and he wanted me to mark down what we would do. Well, that settlement was called off.

Q. Listen. Don't go so far. He asked you to mark down what you would do?—A. Yes.

Q. Now, what did you write?—A. That was the paper.

Q. I know. But what was written on it that day?—A. The bill without any writing on it.

Q. Did you write on it that day?—A. No.

Q. No writing was made on the bill that day?—A. He wrote it and I initialed it.

Q. Then there was some writing, Mr. Reid?—A. Yes. Then afterwards—

Q. Listen. On that day Mr. Fraser wrote \$20 an hour?—A. Yes, sir.

Q. And made all this reduction?—A. Yes, sir.

Q. And you accepted it?—A. Yes, sir.

Q. Then—A. On conditions you understand.

Q. You have stated that already.—A. I want to tell the whole story.

Q. Conditions?—A. The condition was it was to be settled up within a few days.

Q. And you left?—A. Then we were notified this settlement would not go.

Q. Listen, one second. Did you remain in Ottawa that day?—A. I think I went away that day.

Q. You went away that day?—A. Yes, sir.

Q. And did you get a letter from Mr. Fraser telling you the settlement was off?
—A. I got a notice.

Q. Let me have it?—A. I will look through the letters. I never went through the letters.

Q. I think you will have to go through them.

Hon. Mr. CASSELS.—I am getting all mixed. This witness tells us January, 1905?

—A. Yes, sir.

Q. Now, as I understand it, the contract was only commenced in July?—A. No, December.

Q. When was the \$5,000 paid in advance?—A. January the 3rd, but I will not be sure about that.

Mr. PERRON.—You are all mixed up about that. Let us find this notice you got from Mr. B. H. Fraser calling off this settlement.—A. Well, it was called off immediately.

Q. You stated to me you got a notice from Mr. Fraser calling off this settlement.—A. You understand—

Q. I do not understand. We want the notice calling off that settlement.—A. If it was not settled within a certain length of time it was to be called off.

Q. You said you got a notice.—A. I have not got any notice.

Q. Then you made a mistake?—A. No, we got a notice.

Q. You got a notice?—A. We have not got it now. This happened some time ago.

Q. What have you done with this notice?—A. I cannot find it anyway.

Q. Where has it gone?—A. If I knew, I would get it.

Q. If you knew you would get it?—A. If I knew, I would get it.

Q. Are you destroying your letters?—A. Sometimes they get mislaid.

Q. Oh yes, but, Mr. Reid, there was a sum of over \$1,600?—A. This here settlement was all called off.

Q. You have stated that. Please answer my question. You say this settlement was called off because you got a notice from Mr. Fraser it would not be carried out?—

A. When we—

Q. Is that what you say?—A. When I offered to compromise this bill—

Q. Oh please, answer my questions, Mr. Reid. You have stated to me this settlement was not carried out because you received a notice to that effect from Mr. Fraser—

A. That settlement was not carried out because he did not carry out the terms of the agreement.

Q. But you have stated he had notified you to that effect in writing.—A. I did not say in writing.

Q. Oh, Mr. Reid, you stated you got a note.—A. I said it may have been in writing, or by telegram.

Q. You did not. You told me you had received a notice.

Q. That settlement was never carried out.

Q. We know that, it is quite evident.—A. For nearly a year after.

Q. Let us find out about this notice. Did you get the notice?—A. If we did cannot find one.

Q. Why did you tell me you got a notice in writing?—A. It is the best of my belief we did get a notice.

Q. Whenever you receive letters you keep them in your office?—A. We do, but I cannot find it.

Q. Have you got this notice?—A. I had our bookkeeper go through every paper we have pertaining to this bill.

Q. I know. But the notice?—A. And we could find no notice.

Q. When you received news from Mr. B. H. Fraser that he would not carry out this settlement, what did you do?—A. When I received news?

Q. Yes.—A. When the time had elapsed.

Q. What time?—A. The time the matter was to be closed up in.

Q. Did you receive this notice from Mr. Fraser before the time had elapsed, or after?—A. Oh, it was after this.

Q. Did you get a notice from Mr. B. H. Fraser after the time had elapsed, or that what you say now?—A. Oh, I guess it was within a month or six weeks.

Q. I am not asking you that. Did you receive a notice from Mr. B. H. Fraser after the time had elapsed, or before?—A. Well, we received a communication that

the matter had to come before a commission of some kind before it could be settled, so this settlement here was called off entirely.

Q. You received notice in writing that this matter had to come before a commission?—A. Yes.

Q. Where is this notice?—A. It was either an oral notice or a communication I know our settlement was called off.

Q. Now, let us come back to this notice. You say you received notice that this matter had to come before a commission?—A. Had to come before a commission down here.

Q. Eh?—A. A commission here, before it could be settled.

Q. That is this commission?—A. Not this commission, but the department.

Q. Before a commission of the department?—A. Yes

Q. Where did you get this notice?—A. I say I got a notice from Mr. Fraser either by letter or telegram

Q. Where were you when you got it?—A. In Sarnia.

Q. Where did you get it?—A. Shortly after I was down here, within a month.

Q. When was it? You say a month?—A. Within a month or two months after.

Q. Then Mr. Fraser was up there, you saw him in Sarnia?—A. No, I got a letter or telegram to that effect.

Q. Well, now, Mr. Reid, since we started you have told me first you got a notice in writing that the settlement was off. Now you say you do not know.—A. I got a notice. I tell you I cannot find if I had a notice.

Q. One second, please, Mr. Reid. Now, follow me. You stated to me you got a notice the settlement was off, not long afterwards you told me you were not sure about that. Now you tell me you got another notice that the matter had to come before a commission, and this notice was either verbal, oral, or in writing. Now you tell me you got a notice in writing. What did you get?—A. I tell you what, I think I got it in writing, I had not seen Mr. Fraser.

Q. You had not seen Mr. Fraser?—A. Not until I saw him down here.

Q. So it was in writing?—A. That is why I say it was in writing.

Q. There will be no further trouble about that. It was in writing?—A. Yes.

Q. Now, you did not consider this notice important?—A. I cannot find, I certainly had it. It was important.

Q. It was important, was it not?—A. Afterwards it was not.

Q. Afterwards you got more than the settlement?—A. The obligation ceased.

Q. I know. But can you tell me when this notice was?—A. I say within a month or two after I was down here.

Q. That would be when?—A. That would be along probably in March.

Q. What did you do when you got this notice?—A. The matter was allowed to run sometime.

Q. When you received this notice that you would not be paid, you did nothing?—A. We asked the department then to pay our bill in full.

Q. In writing?—A. In writing or by telegram.

Q. Well, let me have a copy of the letter or telegram.—A. Well, we have no—we cannot find any copies of the telegrams or letters, but your department here would have them.

Q. Only there is no such thing, that is why I want your copy.—A. In the winter time our office is closed a great deal of the time, and we just—

Q. Now, do you tell me that in wintertime maybe of the letters you write you do not keep copies?—A. When we send out dunners sometimes.

Q. You are sending out dunners to the department?—A. Yes.

Q. Quite an important one, dunning for \$1,600.—A. It was more than that.

Q. No, \$1,600.

By Hon. Mr. Cassels:

Q. When were these two payments?—A. July the 20th, 1905, and December the 2nd.

Q. In 1905?—A. Yes.

Q. In April or March, 1905, you must have got that letter calling off the agreement?

Mr. PERRON.—That is what he said.

Hon. Mr. CASSELS.—That is what he said.—A. I got a letter from him, but I was not here.

Q. I say you got a letter from him in March, 1905?—A. I say between the latter part of February and the 1st of March.

Q. If my recollection is right that is initialed in July, 1905.

Mr. PERRON.—Yes, my lord, July the 13th, 1905.

WITNESS.—It is initialed wrong, because I was not here in July, and that was done down here.

Hon. Mr. CASSELS.—There is the paper.

Mr. PERRON.—The paper is here. You do not remember anything, you have no copies of letters, no original letters?—A. That agreement was all called off.

Q. You have stated it many times. If it was not called off you got your money anyway. What we want to know is this, let us follow it up: You say you wrote to the department you wanted the whole bill paid?—A. Yes, after this time had elapsed.

Q. And this was in March?—A. I could not say just when that was. It was after this settlement was called off.

Q. You have a letter book, you keep copies of all your letters?—A. Yes.

Q. Well, let us see a copy of this letter?—A. I did not bring the book, and there is no copy in the letter book anyway.

Hon. Mr. CASSELS.—What you stated was that in the winter of 1905, January you thought the settlement was arrived at, within at all events two months, it was called off. That would bring it to March, 1905?—A. Yes.

Q. This paper is initialed in July and paid in December, all done after this alleged settlement.—A. It could not have been, I was not here in July.

Q. That is your statement.

By Mr. Perron:

Q. Where is the copy of your letter?—A. Our book-keeper went through the letter book.

Q. Will you undertake to swear you sent such a letter to the department?—A. Demanding full payment of the bill, yes.

Q. Telling them that as they had not paid you within a certain time, you would expect full payment?—A. Yes.

Q. You swear you sent this letter?—A. Yes.

Q. Positive?—A. Yes.

Q. In March?—A. It was in February or March.

Q. Did they acknowledge receipt of this letter?—A. Well, we cannot find the letter.

Q. Oh, you have no letter whatsoever from the department in connection with this matter?—A. We did have some letters, but I cannot find them.

Q. When did it disappear?—A. Well, the only way I could find—they might have been mislaid. When I came down here I had all our correspondence with me to settle this bill, when I met Mr. Brunel here.

Q. You told me you had a whole lot of letters in connection with this?—A. Yes.

Q. Now, you tell me you cannot find one, is that it?—A. No, I cannot find them.

Q. Not one?—A. Not one. They are all together, wherever they are.

Q. Did you have a fire in your place?—A. No.

Q. Were the papers destroyed lately?—A. No, sir, we never destroyed papers.

Q. No general destruction of papers took place?—A. No, sir.

Q. Then when did you see the letters for the last time?—A. The last time, when I had them down here.

Q. When was that?

Mr. WATSON.—July, 1905.

WITNESS.—No, it was not, it was later than that.

By Mr. Perron:

Q. What I want to know from you, if you can, is—A. It was a short time before we got the cheque to balance the account.

Q. When did you get that cheque?—A. December the 2nd, 1905.

Q. So you were here in November, 1905?—A. To the best of my recollection.

Q. Well, you had all the papers then?—A. I had all the papers then.

Q. You brought them back home with you?—A. Sure.

Q. Sure you gave them to your book-keeper when you came back?—A. Yes.

Q. You did?—A. Yes.

Q. Have you seen them since?—A. No, and the book-keeper cannot find them.

Q. The book-keeper could not find them himself?—A. They were not of great importance, we did not consider them of very great importance, but we could not find them.

Q. Well now, how many letters did you write to the department after March, 1905, asking for your money?—A. I could not say.

Q. You do not know?—A. No.

Q. Did you come here only once?—A. I came here twice, I think.

Q. In January and November, 1905, is that what you say now?—A. I think January, and in November.

Q. 1905?—A. Yes, to the best of my recollection.

Q. How did you come to be down here in November, 1905?—A. I came down here to try and settle up this account.

Q. But who had brought you down?—A. Mr. Brunel was to be here.

Q. How did you come to know Mr. Brunel was coming?—A. I had notice to come.

Q. You received a letter to come down?—A. Yes.

Q. Sent by whom?—A. By the Marine and Fisheries Department.

Q. Who signed the letter?—A. I could not answer that positively. It was the Marine and Fisheries Department.

Q. Asking you to come down to settle the account?—A. Yes.

Q. Did you write to them a few days previous to that?—A. I think we did.

Q. You are not sure?—A. I think we did.

Q. Have you got a good memory?—A. Pretty good.

Q. Generally a very good memory?—A. Pretty good.

Q. Well now, what can you tell me about that?—A. Well, I came down here.

Q. At the request of the department you say?—A. Yes, sir.

Q. To meet Mr. Brunel?—A. Mr. Brunel and Mr. Fraser.

Q. And?—A. Two or three others.

Q. Who were they?—A. I could not tell you who they were.

Q. Why?—A. I say I don't recall their names. I met them.

Q. What was the letter, what did it say now, that is the last?—A. Just saying they would be ready to take up the matter of the settlement of the account.

Q. Eh?—A. They were ready to take up the matter of the settlement of the account.

Q. You came down here and met the Deputy Minister, Mr. Gourdeau?—A. Well, Mr. Gourdeau came in and went out.

Q. Came in there. Then Mr. B. H. Fraser?—A. Yes.

By Hon. Mr. Cassels:

Q. He came in and went out?—A. Mr. Gourdeau came in and went out.

By Mr. Perron:

Q. How long did he stay with you?—A. Well now, he didn't stay very long.

Q. A half an hour or so?—A. I don't expect he was in there over a couple of minutes.

Q. What did he come in for?—A. Well, this Mr. Fraser was conducting this matter more than anybody.

Q. I am not asking you that. Why did Mr. Gourdeau come in?—A. On his own business, I presume.

Q. Not in connection with this at all—A. He did not talk anything about this, it was in Mr. Fraser's hands. What talking we did was in Mr. Fraser's office.

Q. Who was there?—A. Mr. Fraser, Mr. Brunel, and two other gentlemen.

Q. Who were they?—A. I cannot recall their names.

Q. Colonel Anderson, do you know him?—A. I would not attempt to mention the names, I could not.

Q. Were they officials?—A. They were connected with the department.

Q. And you say Colonel Gourdeau came in also?—A. We were in his office when he came in, and then we went into Mr. Fraser's office.

Q. But the discussion started in Mr. Gourdeau's office?—A. In Mr. Gourdeau's office, we went to Mr. Gourdeau's office first.

Q. Did you see him there?—A. Yes, sir, I met Mr. Fraser there.

Q. Mr. Fraser was in Mr. Gourdeau's office?—A. Yes, sir.

Q. Waiting for you?—A. Apparently waiting for us.

Q. Had you given notice you would be there that morning?—A. Yes.

Q. Telegraphed?—A. I think so.

Q. Telegraphed to whom?—A. I think to the department.

Q. Did you specify the hour, did you say what hour you would come in?—A. I think so. I said I would be there in the morning.

Q. In the morning is from 5 o'clock to 12.—A. I knew they would not be in there at 5 o'clock.

Q. They might, lots of zeal. Did you mention the hour?—A. I would be there on the morning train.

Q. That is what you said?—A. Yes.

Q. And you state now Mr. B. H. Fraser was in Mr. Gourdeau's office waiting for you?—A. That was not on the arrival of the train. I went and got my breakfast, and I should say this was eleven o'clock.

Q. And although not knowing what hour you would be there, he was waiting in Mr. Gourdeau's office?—A. I don't know that he was waiting; he was there, and he was with Mr. Brunel.

Q. And Mr. Gourdeau came in?—A. Mr. Gourdeau came in and went in to the other room.

Q. Eh?—A. He went in, his desk was in the other room. I was in the front, we were in the front office.

Q. What office is that?—A. Up in the building over here, the Marine and Fisheries office.

Q. The Marine Department?—A. Yes.

Q. Did he speak to you?—A. Mr. Gourdeau?

Q. Yes.—A. Yes, I was introduced to him.

Q. You told him you had come down to settle the account?—A. Yes, sir.

Q. And what did he say?—A. He did not feel displeased about it.

Q. What did he say?—A. He—

Q. He said it was already settled?—A. No, he did not. Mr. Brunel had the time, and I had the tug's log book, and we compared the time. It was all right with the exception he thought we had too much time for coming down.

Q. Mr. Gourdeau was there then?—A. He was not there then.

Q. He was not. What did Mr. Gourdeau say about your account?—A. Mr. Gourdeau said I would check it over with Mr. Fraser and Mr. Brunel, and those other two men.

Q. Those other two men?—A. Yes.

Q. You do not know whom they were?—A. No.

Q. Mr. Fraser had at the time, the statement rendered by you?—A. Mr. Fraser did not.

Q. Where was it?—A. I don't know where it was.

Q. Did you see that statement that day?—A. I did not.

Q. Eh?—A. No, sir.

Q. It never was shown to you that day?—A. No, sir.

Q. When did you see the statement for the last time?—A. When we first talked of the settlement, it was either in February or March previous.

Q. That you saw the statement for the last time?—A. For the last time.

Q. You never saw it after?—A. No, until now.

Q. You went on and discussed the matter with Mr. Fraser?—A. Yes.

Q. What took place?—A. Mr. Brunel knew what the price was, there was no dispute about the \$25 an hour.

Q. Yes. Did Mr. Fraser mention then it had been agreed with you?—A. No. He knew that was all right.

Q. I am not asking you that. Did he mention it?—A. There was no mention of it.

Q. That day that you had consented to accept \$20 previously?—A. There was no mention of it that day at all.

Q. And what took place, what settlement did you make that day?—A. We agreed on that balance.

Q. Well, what amount?—A. On \$5,720.

Q. Was that put in writing?—A. It was agreed there, he had the bill.

Q. What writing was made of this, what record?—A. A rebate of \$680 was made on the bill.

Q. What bill?—A. On the bill I had then. I had a bill.

Q. You had a bill?—A. I had a new bill for \$11,400.

Q. A new bill for \$11,400?—A. Yes.

Q. And the rebate was made on that bill?—A. And a credit on that bill of \$5,000.

Q. A credit on that bill of \$5,000, and you made a rebate of \$680 on that bill?

—A. Yes, sir.

Q. Well, was it put in writing?—A. The rebate was marked on the bill. We made a rebate of \$680 on the bill.

Q. You signed it?—A. No, I did not sign it.

Q. You made a rebate, gave the bill to Mr. B. H. Fraser, and went away; is that what took place?—A. Well, I know they gave me a cheque that day, or sent it, I am not sure.

Q. You do not know?—A. I am not sure.

By Mr. Watson:

Q. What date was that?—A. This is December the 2nd, the day we got the credit here in the books.

By Hon. Mr. Cassels:

Q. What is the amount, \$5,724?—A. \$5,720.

Q. Not \$5,724?—A. No.

By Mr. Perron:

Q. Well, you received \$5,744.25 that day?—A. Well, there is another item in that, there is two cheques, there is a \$24.75 cheque credit for the barge *Owen*. That makes the difference.

Q. Now, did you sign a receipt for that money?—A. My recollection is I did sign a receipt.

Q. With whom, where?—A. I could not say whether here or in Sarnia.

Q. In Mr. Fraser's office?—A. I could not say positively, but it seems to me I signed a receipt. It is going back a long way, my memory is pretty good, but I don't like to be too positive.

Q. Two years.—A. I know.

Q. At the time this statement was signed, there was a dispute as to the amount between you and Mr. Fraser?—A. He thought the bill was high.

Q. There was a dispute as to the amount?—A. He thought the bill was high.

Q. That constituted the dispute as to the amount?—A. A disagreement.

Q. Pretty nearly the same thing, you know. And this bill, this settlement was signed as a compromise?—A. A compromise only.

Mr. PERRON.—Well, my lord, I think we will have to wait until we get the file from the department.

Hon. Mr. CASSELS.—We will adjourn till to-morrow morning at ten.

Mr. WATSON.—The cheques for 1905, my lord, it is important we should have those.

WITNESS.—There is no cheque in them for the department or any member.

Q. Of course it is not in the department.—A. If you had asked me to bring those I should have certainly brought them.

Q. It is in the subpoena.—A. The subpoena says everything in connection with the bill.

Q. It says more than that.—A. There is not a cheque.

Q. We want to see them.—A. I can send them all down.

Q. Telegraph to-night.—A. You could not get them before Monday. I can send you every cheque we have got.

Q. Telegraph for them.—A. I can send you every cheque we have got, and will have our books.

(Adjourned at 5.15 p. m. to 10.15 a.m. to-morrow, December 19th, 1908).

DECEMBER 19TH, 1908, 10.15 A.M.

Mr. PERRON.—My lord, my learned friend and myself had an opportunity of going over the files of the department last night, and we found that Mr. Reid did not do full justice to himself or to the officials of the department. His evidence is far from being accurate. No doubt it was given in good faith, but the facts had evidently escaped his recollection. The settlement was never called off, he never received anything but what was agreed upon, and we have found since that he got paid at the same time another account of \$1,600 which was included in the cheque; so he got what had been agreed on, plus this \$1,600 which was coming in from other sources. We have the other account here.

Mr. WATSON.—Your lordship sees there is another account of \$1,600.

Mr. PERRON.—Your lordship will remember he stated the settlement had been called off, and so forth, so we led up to it.

Hon. Mr. CASSELS.—That is just the whole difference, \$1,600.

Mr. PERRON.—Exactly, the whole difference.

Mr. WATSON.—His evidence was entirely wrong.

Hon. Mr. CASSELS.—His evidence was no evidence at all. I am glad you have been able to set it right. You are quite satisfied now?

Mr. PERRON.—Yes.

Hon. Mr. CASSELS.—Is Mr. Reid here?

Mr. WATSON.—No, he has gone, he was very anxious to go. We saw him, he was very sorry.

Hon Mr. CASSELS.—That \$1,600 supposed to have been overpaid, was simply paid on another account. You had better tell him his reputation is vindicated, but he had better not go in the witness-box again.

Mr. WATSON.—Of course, my learned friend and I were entirely misled by his own statements.

Hon. Mr. CASSELS.—Naturally. He had too much money I suppose, like a great many people.

JOHN McKELVEY, recalled.

By Mr. Watson:

Q. Mr. McKelvey, what have you got this morning?—A. I have got what you called for, the deposit slip and day-book.

Q. You produce this morning the day-book, it is double paged, 306 and 906. I suppose it is 906 that is taken. And under the date at the top of October the 1st—you see the date at the top is October the 1st, do you observe that?—A. I didn't look.

Q. Well, look and see, October the 1st, 1908, the date at the top?—A. Yes.

Q. Then underneath it, and at the very bottom of the page appears under the date now, September the 25th, following October the 1st.—A. The 28th, is it not?

Q. No. Here it is, September 25th, and here, look at this, different ink, pen and writing, 'Fraser note.'—A. That is this man's account.

Q. That is the same date carried down?—A. October the 2nd. This account was for plumbing and went out after the date it was done.

Q. Here is October the 1st.—A. Here is October the 2nd. This simply shows when that work was done.

Q. Why does October the 1st precede September the 25th?—A. I have just explained that that is work in the plumbing department, and we put the date it was done September the 25th.

Q. Let us see the other pages whether the dates are in rotation or not.—A. You may find lots of entries like that.

Q. We will just look at the book and see.—A. I don't say you will, you may possibly find them.

Mr. GODFREY.—There is the 26th under September the 28th, August the 15th under September the 28th.

Mr. WATSON.—At different pages. There seems to be an irregularity there.—A. No irregularity.

Q. An irregularity of dates and entries. Tell us, please, how it comes that that entry is at the foot of the page and from its appearance a newer entry, newer handwriting; how do you explain that?—A. I don't think it needs any explanation.

Q. Just look at it yourself and say whether or not you think it calls for an explanation.—A. If the ink is faded I cannot help that.

Q. That is not the condition at all.—A. Well, what is it?

Q. You see the handwriting and the ink are regular, and the same precisely until you get to the bottom of that page.—A. It is the same writing.

Q. The bottom of that page where it is quite different.

Hon. Mr. CASSEL.—Is the journal here?

A. Do you mean—

By Mr. Watson:

Q. The journal, the other book you had last night?—A. The cash-book?

Q. There is another entry in another book.—A. You have got the slip.

Q. I am not speaking of the slip, this book. There were two books in which the entry was made. Oh, there is the ledger?—A. No, not the ledger. It is a loose leaf.

Q. This is a leaf out of the ledger?—A. From the page—

Q. Just wait, please.

Hon. Mr. CASSELS.—This book shows the note was only given on that date. There appears to have been payment of the note on the same day.

By Mr. Watson:

Q. Now, again, just for a moment, look in this journal.—A. That is the cash-book, sir.

Q. In this cash-book at the foot of the page and interlined, because that has been written in after the word 'balance' was written, do you see?—A. Balance?

Q. Yes. Look and see. You see that J. F. Fraser has been written there after the word 'balance' was written at the bottom?—A. Yes, balance carried over.

Q. But that is manifest?—A. That has nothing to do with this.

Q. Listen. That word 'balance' has been written in before 'J. F. Fraser'?—A. Yes, sis.

Q. So that the name J. F. Fraser is interlined over the word 'balance' and opposite is the word, 'Note, \$1,591.' Your lordship will see what I am referring to. (Handing book to his lordship).

Hon. Mr. CASSELS.—Yes, I understand.

Mr. WATSON.—That is reasonably manifest there. Then next you have the leaf from the ledger. You did not bring the ledger itself?—A. You did not ask me to, sir.

Q. No, I did not, that is right. Well you have here the entry 'October the 1st, by note paid 906, \$159.' Now look at that entry there and you will see that is in different ink from all the other entries on that page?—A. Well, of course, this was written long before that.

Q. Well, look and see?—A. This may have been written a year before that.

Q. Well, there it is, there is 'note paid,' and then you produce the day book, and at the foot of the page 906 under date at the top of the page, October the 1st, 1908, and afterwards in the account which immediately precedes it, September the 25th, 1908, and at the foot of that page and in different ink is written 'J. F. Fraser, by cash, note paid, \$1,591.'?—A. The note should not have been there at all.

Q. I know, that is what you say?—A. That is what I know.

Q. At all events, these entries upon their faces, would indicate a payment, that is the two last entries in the ledger and in the day book indicate a payment, and also indicate the payment of a note, so it would reasonably follow from these entries that a note had previously been given and paid on that date; that is right, is it not?—A. It would look like that, still it is not, it is not that.

Hon. Mr. CASSELS.—He is only asking you what the book shows?—A. It was carried in in mistake.

Q. You have given evidence of that. Mr. Watson merely says that is so, taking the books without your explanation?—A. Certainly.

By Mr. Watson:

Q. Then in addition to that there is the circumstance, whether it is of significance or not is a different matter, that these entries are made in a way that may fairly call for comment?—A. I do not see that.

Q. You do not see that. Well, that is right, you do not see it?—A. Being at the bottom of the page is no significance, surely?

Q. Well, if you just look at the circumstances and the way they are entered?—A. Of course, I never saw them until now, I don't know how they were entered.

Q. There are the three books, and it runs through the three just in that way. Now then, that leads me to ask you one further question, are you quite clear in your recollection that previous to October the 1st there was not a promissory note given?—A. There was not.

Q. For that time?—A. There was not surely.

Q. Then can you account at all for your book-keeper making a reference to a note?
A. The only way I can account for it, she is making a mistake in putting 'note' instead of draft. Had I seen that before I would have had it changed.

Q. Yes. Then this morning you produce a deposit receipt?

Mr. GODFREY.—A deposit slip.

By Mr. Watson:

Q. A deposit slip, September the 28th, 1908.

Q. Where did you get this?—A. My son got it from the bank and sent it to me. I phoned him yesterday.

Q. And on this deposit, under the printed line of cheque appears opposite \$1,591?

A. That was the cheque I got from Mr. Fraser.

Q. So this being a genuine deposit slip, as I have no doubt it is, if you say so, is manifest from that that on that date, September the 28th, you deposited a cheque \$1,591?—A. That is correct, sir.

Mr. GODFREY.—I ask that to go in, Mr. Watson.

Mr. WATSON.—Certainly. It will be marked. It is here. (Deposit slip marked exhibit 432).

Q. That does not account for that note.—A. Oh, I can see it is a mistake entering 'note' instead of 'draft.'

Q. I see. What about the letter?—A. What letter, sir?

Q. The letter you received, and the letter you sent back?—A. I told you they were not kept.

Q. Eh?—A. In the first place.

Q. That is only a few days ago, a couple of months ago?—A. Yes. I showed you my son's letter the book kept by the stenographer we have there now, she has only been a year there, and there is nothing in it.

Q. Only been a year there?—A. Yes.

Q. That is a reason it should be there.—A. I have had no communication with Mr. Fraser in connection with the debt.

Q. I did not observe you showed me that in the letter. It is my mistake.—A. What is that?

Q. I did not observe you showed me that in the letter.—A. There it is. (Exhibit 433.)

Q. About the stenographer's notes the letter is: 'Miss Ross has been here just a year. We cannot find any books used by Miss MacQuaid before Miss Ross came. We can find nothing copied in the letter books.' But you see that does not account for the stenographer's notes for September the 28th when you wrote acknowledging receipt of this.—A. I told you I did not keep a copy of that.

Q. But it was dictated to the stenographer.—A. A short letter like that would not be taken. She would simply take a note to simply acknowledge receipt of the letter.

Q. The stenographer takes a note of every letter?—A. No, they don't do for a little thing like that, they remember it.

Q. You see, there has been no inquiry of the stenographer about the letter written on September the 28th.—A. I told them to go through her book and see if there was any letter or any notice sent to Mr. Fraser. It is evident he has not found any.

Q. That letter does not confirm it—I am not reading the whole of the letter, your lordship will just see that one sentence there—it does not confirm that one point.

Hon. Mr. CASSELS.—Have you got the cheque?

Mr. GODFREY.—I wrote last night for it. It is a draft on British Columbia.

Hon. Mr. CASSELS.—You will have it?

Mr. GODFREY.—I will have it and put it in as soon as I get it, and I will also ask about any letter.

Hon. Mr. CASSELS.—It can be easily cleared up.

Mr. GODFREY.—Yes. I am getting the draft. It make take a week to get it.

Mr. WATSON.—It is not merely a question of that amount being paid on the 28th September, but it is a question of the correspondence before that time, and a question of the note before that time.

Mr. GODFREY.—I will try and get all the correspondence.

Hon. Mr. CASSELS.—As far as I can see that was not taken into account in the balance at all, because the balance is carried forward, \$349.41. How does it balance? I do not see how you could arrive at your balance. You have a balance here of \$378.17.—A. That is the balance in hand.

Q. It is hard to make head or tail of it.

Mr. WATSON.—Yes, it is. I think this will have to be kept until the correspondence is sent in. If there are any other letters produced as from Mr. McKelvey by Mr. Fraser, in that event I shall certainly want Mr. McKelvey to reappear.

Hon. Mr. CASSELS.—You have those letters?

Mr. GODFREY.—I will write Mr. Fraser at once for all letters he may have in reference to the account.

By Hon. Mr. Cassels:

Q. Have you the bank book here?—A. Yes, sir.

Mr. WATSON.—The bank book shows a deposit of that amount that day, \$1,745. That will do.

By Mr. Godfrey:

Q. Just one or two questions. How long have you been in the business?—A. Over 40 years.

Q. And you do business in a very large way I understand?—A. Yes.

Q. Now, you are on your oath, Mr. McKelvey. Was there any improper or indirect things in this transaction at all?—A. Not any.

Q. Did you ever get any favours from Mr. Fraser?—A. No.

Q. Or ever give any?—A. Never, he never asked me for any.

Q. I suppose Mr. Fraser has the privilege of being hard up just as well as everybody else?—A. I suppose. I just want to say while here, that no official of the government ever asked us or approached me for anything, and I never gave anything.

Mr. ODELL.—Your lordship, may I make a statement this morning?

Hon. Mr. CASSELS.—Not now. Any statement has to be made in the witness box.

Mr. ODELL.—I should like to be recalled to clear up a misunderstanding.

Hon. Mr. CASSELS.—This must be conducted in a regular manner.

Mr. WATSON.—That entry in Mr. McKelvey's book appears at the foot of page 906. Under the next preceding date, September the 25th, at the foot of the page, in different ink, appears the entry 'J. F. Fraser, credit by cash—note paid, \$1,591.'

Mr. GODFREY.—Of course your lordship understands that these different dates run through the whole book?

Hon. Mr. CASSELS.—I understand. You will have to credit me with a little sense in what I am trying. I understand it.

F. GOURDEAU, recalled.

By Mr. Watson:

Q. Did you go to British Columbia in the summer of 1904?—A. I think so.

Q. Will you just look at your book and see the date that you went there, and the date that you returned?—A. What date, Mr. Watson?

Q. That is what I am asking you.—A. For what time? Do you know when my absence was?

Q. The summer of 1904.—A. Yes. (Referring to books). I do not see here when I was in British Columbia.

Q. Just hand them over and see if Mrs. Thomas can tell. The first entry in this book is, 'Date of leaving, August the 10th. Left at noon for British Columbia with the Minister.'—A. Oh yes.

Q. On August the 10th?—A. What is that?

Q. On August the 10th, that is.—A. Yes.

Q. Then, 'Returned from British Columbia, Sunday, September the 4th, or Saturday night the 3rd.'—A. Yes, that is right.

Q. Then you made your expense account out on the 11th of January following, that is the date when the account was made?—A. Yes, I suppose so.

Q. The 11th of January following the expense account was made out. Was that in the ordinary course?—A. Yes, certainly.

Q. That the expense account would not be returned until five months afterwards, that is the ordinary course, is it?—A. Yes.

Q. That is in the ordinary course of the business that the return of an expense account should be made four or five months after the return. Then it is said the Minister went out with you. You have here 'With the Minister'?—A. Yes.

Q. And he returned with you?—A. Yes.

Q. You returned with him rather. And Mr. Spain went with you, and returned with you, did he?—A. I could not remember.

Q. Eh?—A. I could not remember.

Q. You could not remember?—A. No.

Q. You could not remember whether or not?—A. I would not like to swear positively he was with us.

Q. You would not like to say?—A. No.

Q. Do you remember whether he went with you?—A. Yes, sure.

Q. He went with you?—A. Yes.

Q. Would you not like to say whether he returned with you? Going with you he would return with you, would he not, in the ordinary course?—A. He might, but I am not sure. I think Mr. Talbot was with us on the trip. He probably would be able to say whether he was with us on that return trip.

Q. Did Mr. Talbot return with you?—A. Yes.

By Hon. Mr. Cassels:

Q. Who is Mr. Talbot?—A. The member, my lord.

By Mr. Watson:

Q. I see. Where did you go to in British Columbia?—A. We visited the agency.

Q. Did you go to Port Simpson?—A. No.

Q. Eh?—A. No, I was never there in my life.

Q. And the Minister was not there?—A. I do not know if he was ever there. He was not there on that trip.

Q. At that time?—A. No, he had no time to go there. I remember that now.

Q. Do you remember whether there was not talk of his going there or not?—A. Yes, there was.

Q. There was some talk about his going there?—A. Yes.

Q. So that you returned September the 4th. I suppose you were about a week on the return trip?—A. I don't know how long we took.

Q. You do not know how long it was?—A. No.

Q. Now then, this August the 10th, 1904. This is a record of the attendance in the office during that autumn of 1904?—A. Yes.

Q. Do you recollect whether you were in Quebec that time?—A. I might have been. I made several trips to Quebec.

Q. Several trips?—A. Yes, during the year. I would not—

By Hon. Mr. Cassels:

Q. Did you come straight through to Ottawa on your return, Colonel?—A. From where, British Columbia?

Q. Yes.—A. I think we stopped for a day in Chicago.

Q. Then you came through straight?—A. Yes, straight through, I think so, my lord, I am pretty sure of that.

By Mr. Watson:

Q. Then I see in 1905, *Montcalm* trip. Was that at Quebec? '8th of April left.'—A. It must have been down at Quebec.

Q. I see. So that you were in Quebec a little after the 8th of April, 1905?—A. Yes, if the dates are marked there.

Q. There is 'Saturday afternoon, 8th of April, back Tuesday morning 11th of April, *Montcalm* trip.'—A. Yes, that is all right.

Q. Then next is, 'Left on the 29th of April, Saturday morning, for Quebec.'—A. What for?—A. Does it mention?

Q. It does not say.

Hon. Mr. CASSELS.—That would be the return from the *Montcalm*.

Mr. WATSON.—That is another trip. 'Left on the 29th of April, Saturday morning for Quebec.'—A. It generally mentions what it is for.

Q. 'Returned on Tuesday May the 2nd.' The other return is on the 11th of April, my lord. 'Left on the 8th and returned on the 11th.' That is marked *Montcalm*. The next entry is 'Left on the 29th of April for Quebec, and returned noon 2nd of May.' And then the next is, 'Left for Quebec 26th of May and returned Monday night 29th of May;' and then again 'Left on Wednesday afternoon 7th of June, returned Sunday 11th of June.' Where was that? That is 'to accompany the Governor General—where was that?—A. Quebec. How many days was I absent then?

Q. 'Left Wednesday afternoon 7th of June, returned Sunday 11th of June.'—A. Oh yes.

Q. Then, 'Left on Friday afternoon, 16th of June for Quebec, returned on Monday 19th of June.' You were a lot at Quebec at that time. Then 'Left on Thursday 20th of July, Quebec, and returned 25th July.' I need not follow it up any further.—A. No.

Q. That is the way it reads at the present time.

(Books showing dates of deputy minister's travelling marked exhibits 433 and 434.)

Q. Then I see the two cheques which were given for the Holliday Brothers' account. It is in respect to that matter and that matter only I am seeking to ask your evidence now.—A. Yes.

Q. Those cheques are dated the 2nd of June, 1905, two cheques.—A. Yes.

Q. Did you see those cheques at the time they were written out?—A. No.

Q. I do not see your signature upon them?—A. No.

Q. You did not see them? I see they are signed by Mr. —?—A. G. B. Halkett.

Q. For the deputy minister?—A. Yes.

Q. I did not observe you were absent that day, the 2nd of June.—A. Well, because the cheques were generally signed by the officer.

Q. They are, eh?—A. Yes, it is not unusual at all.

Q. It is not merely signing your absence?—A. No, no.

Q. I see. Well now, as I asked you yesterday, we have the fact that on the 31st of May, and the 2nd of June, 1904, a definite contract in writing was made between the Department and Holliday Brothers for the chartering of the *King Edward* at \$125 a day.—A. Was that contract executed?

Q. You have seen it, haven't you?—A. Eh?

Q. You have seen the correspondence?—A. Yes.

Q. I said by correspondence that was made.—A. That is a matter I think requiring a little explanation, and I claim the privilege of making a little statement before you ask me any question.

Hon Mr. Cassels:

Q. What is that?—A. I just simply——

By Mr. Watson:

Q. Wait, please.—A. I just simply—of course, if you do not wish to hear it——

Hon. Mr. CASSELS.—Answer the questions, please, and you can explain afterwards. You will have the fullest opportunity then.

Mr. WATSON.—Now, this letter of Holliday Brothers is here. Just look please and see it. You have gone over this correspondence.—A. Yes.

Q. First then is the letter of 25th of May in which they say, 'We have tendered our services with our steamship *King Edward* at \$200 per day.'—Yes. What is the next letter?

Q. Do you know what the next letter is?—A. I think it is a letter addressed to Mr. Power.

Q. Yes, to the same effect.—A. Yes.

Q. And then the next is from you, the 27th of May, and refers to the chartering of the *King Edward*, and that other vessels had been offered?—A. Yes.

Q. So that is the fact, there was competition at that time. I had not observed that before.—A. Yes there was.

Q. You recollect that, there was competition at that time?—A. I think there was, but they were vessels not able to do the work.

Q. I see. 'Other vessels offered, but department is prepared to charter this vessel from you for period of four months or longer if the department requires, for the sum of \$3,000 per calendar month, you to provide everything necessary for the running of the vessel.' \$3,000 per calendar month?—A. Yes.

Q. That is apparently signed by you?—A. Yes.

Q. Was that after consideration?—A. Not much consideration.

Q. How did you arrive at the amount?—A. That is what I want to explain.

Q. But in fixing this sum of \$3,000.—A. That is at \$125 a day, is it not?

Q. Yes, that is \$125 a day. You figured that out, did you?—A. Just roughly speaking. That is exactly what I want to explain, if you will allow me to explain that matter.

Q. I do not want a long statement.—A. I did not want to make a long statement. I want to make quite clear a statement that will establish the thing without a doubt.

Q. We will come to it in a regular way. Then next is, 'Our Mr. James Holliday proposes being in Ottawa, Monday. Will call on you.' That is May the 27th, the same date as your telegram?—A. Yes.

Q. That is evidently an answer to the telegram. Then there is this memorandum by you, there is no signature.—A. No, that is not my memorandum. That is a memorandum of the officer responsible for that work.

Q. Who was the officer?—A. Commander Spain.

Q. Then I see with reference to this—there is no signature to it, my lord, the witness says it is from Commander Spain. This reads: 'The agent at Quebec, under date of the 24th inst., advises the department that the *Aberdeen* cannot carry more than ordinary supplies required on one trip that she may make to the Lower St. Lawrence Gulf and Straits of Belle Isle. He reports that two steamers are available in Quebec that could be chartered, namely, the *King Edward* at \$200 per day, speed 14 knots, and the *Polino* for \$150 per day, speed 9 knots.' Did you have that before you at the time you sent your telegram of the 27th May there of the same date?—A. It must have been on the file.

Q. It must have been on the file on the same date?—A. Yes.

Hon Mr. Cassels:

Q. That is where you saw it?—A. Yes.

By Mr. Watson:

Q. You saw that at the same time?—A. Yes.

Q. Then the next is the 31st of May, a letter written by you to Holliday Brothers:—

'In reference to the chartering of the steamship *King Edward* for the purpose of making the necessary changes in fog-alarm stations' and so on, 'I have to inform you that this department is prepared to charter the vessel from you for the sum of \$3,750 per calendar month.'

Now, you will observe you had gone up to \$3,750 on the telegram. The telegram was \$3,000 per calendar month. I will read the rest of it. I am just referring to the figures now.

Hon. Mr. CASSELS.—\$125 a day at 30 days would be just \$3,750.

Mr. WATSON.—\$3,750.

WITNESS.—I think the telegram is ragged or torn off.

Q. I do not think so.—A. The answer to that telegram will settle the thing, Mr. Watson.

Q. Listen, please. Just be like other witnesses, colonel, please. The telegram is: 'Other vessels offered, but department is prepared to charter this vessel from you for period of four months or longer if the department requires for the sum of \$3,000 per calendar month, you to provide everything necessary for the running of the vessel.'

Hon. Mr. CASSELS.—The subsequent correspondence will show.

WITNESS.—That is what I say.

Q. Answer the questions, and do not talk.

By Mr. Watson:

Q. The letter is \$3,750 per calendar month?—A. Yes.

Q. 'You to supply captain and necessary officers.' Now, I point out there is a difference between the telegram and the letter of \$750. How do you account for that?—A. A mistake in the telegram.

Q. That is the explanation, is it?—A. Yes.

Q. Then it says: 'You to supply captain and necessary officers and crew, including engineers and firemen (and if it is necessary that a pilot should be employed it is understood that it will be at your expense), all ship stores in every way, including coal, oil and provisions. If any departmental officers go on board this vessel in connection with the carrying out of their work you will be remunerated at the rate of one dollar a day each for their board and lodging. It is also understood that any articles required for the use of the different stations will be hoisted out of the ship and placed either in a scow alongside or at the different wharfs, as the case may be, by the ship's proper crew. This vessel will be required for service about the 22nd of June, and chartered for a period of four calendar months or longer, if the department so requires.'

There is a definite distinct offer for \$3,750 per calendar month?—A. Yes.

Q. And that offer was made apparently after Mr. Holliday came to Ottawa?—A. Yes.

Q. Because in his telegram he said he would be here on Monday.—A. Certainly.

Q. Was this letter delivered to him here at Ottawa?—A. I don't know.

Q. It is directed to him at Quebec. He may still have been in Ottawa?—A. I don't think so.

Q. Then next is a letter of May the 31st from Holliday Brothers. I see that is written at Quebec, so he had evidently returned: 'We now beg to confirm our verbal agreement of yesterday *re* chartering of above vessel for period of four months dating from the time she commences taking cargo on or about the 20th of June at the rate of \$125.' So that while he was here you had apparently a definite, verbal agreement?—A. No, no verbal agreement with him.

Q. What does he mean by saying, 'We beg to confirm our verbal agreement of yesterday?'—A. I talked it over with him. That is what I would like to explain. If may be allowed to explain it, it will answer the question. I can explain it.

Q. Listen, please. Was there, or was there not a verbal agreement?—A. No.
Q. Well, now, he says—A. I am not responsible for what he says. If you will me explain it—

Hon. Mr. CASSELS.—Answer the question. You will have the fullest opportunity explaining.

Mr. WATSON.—I did not ask you if you were responsible. He says: 'We now beg confirm our verbal agreement of yesterday *re* chartering of above vessel for period four months dating from the time she commences taking cargo on or about the 1st of June at the date of \$125 a day.' You say there was no verbal agreement with him on the 20th day of May.—A. I took upon myself to offer that price, but there was no acceptance on his part. He said he would go to Quebec and consider it.

Q. No acceptance on his part?—A. No.

Q. He did tell you that he would accept it?—A. No. He was very much annoyed my offering him that amount.

Q. He was. Then on June the 2nd he writes in answer to your letter of the 31st May, which was written the same date as his letter, you see?—A. Yes.

Q. You wrote him on the 31st, offering \$3,750?—A. Yes.

Q. He wrote you on the same date seeking to confirm what he understood to be verbal agreement. Then on June the 2nd he wrote you: 'We beg to acknowledge receipt of your favour of the 31st *re* chartering of steamship *King Edward*, which proposition we are pleased to accept.' So there was a clear acceptance?—A. Yes.

Q. Now, that constituted a contract between him and the department, did it not?—A. Yes, so far.

Q. Eh?—A. Yes, so far.

Q. You asked a little while ago if there was any formal contract in writing signed?—A. Yes.

Q. Did you have in mind those letters at that time?—A. No, a charter party.

Q. A charter party?—A. Yes.

Q. It would not add materially to it that a charter party was signed, would it?—A. No, one would be as binding as the other, I think.

Q. One would be as binding as the other you think?—A. Except that we ratify these letters generally by charter party in the department.

Q. But one is equally binding as the other, as a matter of contract?—A. I think so.

Q. You had that in your mind. Well, now, after that, that contract was apparently departed from?—A. Yes.

Q. Departed from. And after that, and on the 18th of June—that is a little more than a fortnight after the acceptance and making of the former contract, whereby a new contract is made at the rate of \$200 a day?—A. Yes.

Hon. Mr. CASSELS.—I did not understand a new contract was made. It is only signed by Holliday Brothers; it is not signed by the other party.

Mr. WATSON.—Your lordship is quite right. Here is the contract signed, 'James Holliday, per Holliday Brothers.'—A. Yes.

Q. Was that contract completed as a contract?—A. No.

Q. Eh?—A. No.

Q. It was not completed as a contract?—A. No, it is not signed either by the minister or myself.

Q. Then there never was a contract for the \$200?—A. For the \$200?

Q. A day?—A. I think there was a contract for that.

Q. For the \$200 a day?—A. I think so.

Q. Is this the evidence of the contract of \$200 a day, what I am referring to what I just read?—A. (Witness examines document handed him by counsel). That was the second one.

Q. Eh?—A. That was the second one. That was at \$200 a day.

Q. That is what I said, \$200 a day?—A. Yes, that is \$200 a day.

Q. So there was a contract at \$200 a day?—A. Yes.

Q. That is what you say now.

Hon. Mr. CASSELS.—That is not a contract.

By Mr. Watson:

Q. I see. Is this what constituted that contract at \$200 a day?—A. I do not know if there was a subsequent one afterwards, but I know the arrangement with the department was at \$200 a day.

Q. You know of that arrangement?—A. Yes.

Q. That was a binding arrangement?—A. Yes.

Q. A binding arrangement at \$200 a day?—A. Yes.

Q. That is what you say. Accepted by you?—A. Yes.

Q. Accepted by you at \$200 a day?—A. Yes, with the sanction of the minister.

Q. Eh?—A. With the sanction of the minister.

Q. Yes. Can you show me any record of the sanction of the minister?—A. No.

Q. You cannot?—A. But Mr. Power can testify to that.

Q. Just answer the question?—A. I would not mention that unless I had somebody to corroborate what I am telling you.

Q. You want corroboration?—A. Yes. I would not go and put out anything of any person not living now unless I saw I could establish it.

Q. I see. Then there is nothing in writing to show the sanction of the minister?—A. There should be on that file.

Q. Is there?—A. No, I have not seen any.

Q. Have you searched to find it?—A. I never had an opportunity since you mentioned it yesterday.

Q. Since yesterday?—A. The file has been manipulated, changed, altered and re-paged 50 times since that date.

Q. Just answer the question, please.—A. What?

Q. The whole file was given to you yesterday morning.—A. As it was, yes.

Q. Have you had an opportunity of going over it to see if there is any record on the file or off the file?—A. I did not see any record there.

Q. Showing the recognition of this contract by the minister?—A. No.

Q. You have not?—A. No.

Q. Who was the minister at that time?—A. Mr. Prefontaine.

Q. There is no record of any endorsement of it by him. The rule is that all contracts are approved by him in writing, in one form or another, is that not the rule?—A. A memorandum.

Q. Is it not so?—A. Yes.

Q. Then that answers the question. That is the rule. Well now, we will just, having those few premises, it will be necessary I think to follow a little the correspondence. No doubt you will desire it.

Hon. Mr. CASSEL.—Did the colonel state what date that contract was made?

Mr. WATSON.—Yes.

Q. What date was that further contract made?—A. When it was settled?

Q. When it was made?—A. For the \$200?

Q. Yes.—A. That would be prepared by—

Q. Never mind when prepared.—A. I must explain the thing so it can be understood.

By Hon. Mr. Cassels:

- Q. Can you give us the date?—A. I cannot give you the date.
 Q. Can you say how long after the 2nd of June?—A. I could not tell, my lord.
 Q. Would it be a month, two months?—A. No, a very short time. The whole matter was settled just about that time.

By Mr. Watson:

- Q. Just about that time. There in June, no doubt?—A. It must have been.
 Q. It must have been in June, that is right, that that was settled. And have any written record yourself in the office showing the actual date when it was settled, whether it corresponds with this 18th of June?—A. Let me see the file.
 Q. This is the 18th of June. Do you know of any written record?—A. I think could.
 Q. I will go through it. Then let me ask you this: Do you know of any reason putting in a date, for antedating this paper which is signed by Holliday Brothers?
 A. No.
 Q. Eh?—A. No, I would not.
 Q. You would not. But do you?—A. No.
 Q. You do not know of any reason. So you have not in your mind any reason whatever for thinking that this second contract which you speak of for \$200 a day was not made on the 18th of June. Is that right?—A. I did not prepare that document.
 Q. I know. I am asking you about the date.—A. I beg your pardon. I do not know anything about the date.
 Q. You have already answered his lordship that it was no doubt about that time.
 A. That is all.
 Q. Now, the next we have is a letter of June the 11th, 1904, from Mr. Gregory to you. It has not much bearing perhaps, but it has a reference in it. (Reads letter part of Exhibit 416.)
 Q. Then this letter of the 9th inst says: (Reads letter part of Exhibit 416.)—
 At what price?
 Q. It does not say the price.—A. What date?
 Q. That is the 9th of June.—A. Is not there another letter of the agent there?
 Q. Just wait, please. I will come to the record. Then on the 11th of June he acknowledges receipt of your letter of the 19th informing him of the arrangement with Holliday Brothers. (Reads letter, part of exhibit 416.) Then on the 11th inst., you write a letter to him. (Reads letter part of exhibit 416.) Now, on the 20th of June when you wrote that letter had the new bargain been made for \$200 a day?—A. I could not remember.
 Q. You could not remember?—A. No.
 Q. Do you not think it had?—A. I could not remember. I would not like to think about it.
 Q. Well, the second contract, what purports to be a contract, is dated the 18th of June?—A. Yes, that might be.
 Q. The next letter is by yourself to Mr. Gregory. (Reads letter, part of exhibit 416.) You were sending Mr. B. H. Fraser down there?—A. Yes, he was going down under orders of the chief engineer.
 Q. Just wait. Now, as a matter of fact, did he go?—A. I could not say.
 Q. Then the next after that is a memorandum from Mr. Spain. Were you in frequent communication with him about the matter?—A. Not more than necessary. Suppose I would have to see him about it, because he was the officer responsible for that service.
 Q. He was the officer responsible for that service?—A. Yes.
 Q. 'Memorandum for the deputy minister in reference to the minister's note regarding to chartering the *St. Lawrence*.' That is another matter?—A. That is a

general matter. You will see the *King Edward* there also I think, two or three paragraphs down.

Q. Yes. It was considered better to take the *King Edward*?—A. Yes.

Q. And this was done on the recommendation of Mr. William Power?—A. Yes. It was not altogether on the recommendation of Mr. Power.

Q. Listen, please. That is dated the 4th of July?—A. Yes.

Q. The 4th of July, it was done on the recommendation of him. Now, at that time apparently this document of the 18th of June had been executed?—A. I do not know if it was executed before or after.

Q. You do not know whether it was executed before or after?—A. No.

Q. But you said to his lordship, and afterwards to me, that it was no doubt about the same time, it was all within a short time?—A. There might be a difference of some days.

Q. There might be a difference of some days?—A. But that—

Q. That will do.—A. Yes.

Q. Now, this memorandum of Commander Spain, is dated the 4th of July, and this says, after reading what I have, it was considered better to take the *King Edward*; this was done on the recommendation of Mr. William Power. It says, 'Holliday Brothers—A. Holliday what?

Q. 'Holliday Brothers originally asked \$200 a day for the chartering of the vessel, but the department arranged to charter her for the sum of \$125 a day.'—A. Yes.

Q. And this is dated on the 4th July?—A. Yes.

Q. Is that right, do you think?—A. No, I do not think it is right.

Q. You do not think it is right. Well, what is meant by your initials on the top of this if it is not right?—A. He was asked to make a report about the different steamers, and the other steamers do not relate to the same matter.

Q. This is a memorandum initialed by you?—A. Certainly, that is all right. If he was asked later on to make a memorandum it might have borne a date much after the time he was referred to about that steamer, because he was treating about all steamers. That had nothing to do with it.

Q. It might, eh?—A. Yes.

Q. You put in the date yourself, the 6th July?—A. The date I initialed it?

Q. Yes.—A. Yes, I might have initialed that long after it was prepared.

Q. You have put in the date yourself, the 6th July. Look and see to satisfy yourself. (Exhibiting file to witness.)—A. That is all right.

Q. There is no doubt that was the condition of affairs, on the 6th July?—A. The \$125?

Q. Yes.—A. No, it was not.

Q. But how could that be? This is signed by Mr. Spain, and signed by you and here it is. Now, you say the minister agreed to the \$200 a day about the time of the making of the contract?—A. Yes.

Q. And your memorandum is, 'Minister satisfied with explanation.' Signed with your initials 6, 7, 1904.—A. That refers to all those different steamers.

Q. It refers to what is written there I suppose?—A. Yes.

Q. Yes. Now, what have you got to say about the minister, in the face of that?—A. I have got to say that the minister decided to give him \$200 a day.

Q. Was that entry correct or not?—A. It has no reference to it at all. I do not think the minister ever saw that.

Q. You do not think the minister ever saw that?—A. No.

Q. Then was this a correct record, or an incorrect record?—A. I do not think it is a correct record.

Q. Oh, you think this is an incorrect record?—A. Yes.

Q. It is on file?—A. Yes.

Q. Numbered?—A. Yes.

- Q. Dated?—A. Yes.
- Q. In the regular way?—A. That does not make any difference.
- Q. Signed by you, and an incorrect record?—A. Yes, so far as the *King Edward* is concerned.
- Q. That is a pretty serious proposition.—A. No, I do not think it is.
- Q. You do not think it is?—A. No.
- Q. Well. You see, Mr. Spain has also written at the top of it. He was evidently anxious there should be no doubt of its being put on file. 'File O.G.S.' written on other corner of it.—A. Yes.
- Q. That has been on file ever since?—A. I suppose it must have been.
- Q. You suppose so, since that day, I see. That is the 4th of July, and the 6th July. Now then, the 30th June, not quite in order, we get to the 30th of June, there is a telegram from Mr. J. F. Fraser: 'Noble returning to Quebec to-morrow, and meet him at the agency.' That is to Mr. Cote. On the same day there is a telegram to you, 'Noble reports department's interests sacrificed by arbitrary action of owners of *King Edward*. He will see you in Quebec to-morrow. Better cancel contract than have same continued. 'Now, you got that on the 30 of June, manifestly?—A. I suppose.
- Q. That is, you received that before you initialed the previous memorandum from Mr. Spain?—A. Yes.
- Q. The 6th July. That is a week before that. Then there is a telegram to you on the 9th of July—we will skip over then the 6th—on the 9th of July to you from Mr. Gregory, '*King Edward* left here Wednesday night.' That is just a matter of record of the movement of the ship?—A. Just all about the movement of the ship.
- And the next letter is from Holliday in the same way, of 13th July. On the 13th of July you telegraphed to Quebec, Holliday Brothers, 'Noble will be in Quebec Monday morning, and will arrange for movement of *King Edward*.' Then on the 14th July, Mr. Gregory writes to you reporting where the ship is. Now, Mr. Gregory writes on the July 14. At that date what was the contract with Holliday Brothers on the 14th July, \$125 a day or \$200 a day?—A. Oh, it had been decided long before that he should have \$200 a day.
- Q. It had been decided long before that?—A. Yes.
- Q. I see Mr. Gregory writes—in fact that had been decided during June, you say?—A. I would not be very sure about it, but decided about that time.
- Q. Now then, he writes on the 14th July. (Reads letter, part of exhibit 416.) What are really the conditions they contracted to carry out? Do you recollect your answer to that?—A. No.
- Q. There is a memorandum that apparently was given to Mr. Spain, and the memorandum is this: 'This contract was arranged for by Commander Spain who can give the desired information. This should be obtained and communicated to the agent at Quebec'—A. Yes. That is a matter entirely in his hands.
- Q. That is the 25th July?—A. Yes.
- Q. You see, that was a considerable time after the \$200 a day had been arranged for?—A. Yes.
- Q. I see. Now, that is signed by Commander Spain, Mr. J. F. Fraser's initials, and your initials?—A. Yes.
- Q. The 28th July is the date of your initials. Then that is the condition of affairs as you say. Then there is a letter on the 29th July—see what you have to say about this—written to Mr. Gregory. (Reads letter, part of Exhibit 416.) Now, then, was the \$200 arrangement in existence at that time?—A. At what date?
- Q. The 29th July. You have said it was in existence a considerable time before that. Is that letter incorrect?—A. No. It was arranged, but we wanted to have the opinion of the agent before it was definitely settled.
- Q. No.—A. There is no 'no' about it. That is the case.
- Q. There is nothing about the opinion of the agent here.—A. You go later on.

Q. I am asking about this letter.—A. That has no connection with it unless you read the letter to the agent.

Q. Is this letter a correct statement of the facts?—A. Let me see that letter. (Produces letter.) Yes, that letter was prepared by—

Q. I did not ask you who it was prepared by. Is that a correct statement of the facts?—A. No, it is not.

Q. It is not. Well, it was signed by you, Mr. deputy minister?—A. Well?

Q. Then, is this a misrepresentation of the facts?—A. No, it is not a misrepresentation.

Hon. Mr. CASSELS.—If the colonel's evidence is correct then that is incorrect; if that is a correct statement then his evidence is incorrect.

Mr. WATSON.—It is either one or the other. That is why I asked him if this letter contained a misrepresentation of the facts.—A. Well, it is some time ago, and I could not recollect.

Q. Eh?—A. I could not recollect, no, I could not.

Hon. Mr. CASSELS.—You have sworn, Colonel Gourdeau, before—that memorandum of Commander Spain's this contract of \$200 a day had been entered into.—A. Not signed by the department.

Q. You pledged your oath to the fact. I do not know whether you want to take it back again?—A. No, I do not.

Mr. WATSON.—Let me have it again. We have had it answered to-day. I do not want any possible misunderstanding. On the 29th of July, 1904, the date of this letter, was there an arrangement between the department and Holliday Brothers that Mr. Holliday was to be paid \$200 a day? That is a very plain, simple question.—A. I think there was.

Q. You think there was?—A. Yes.

Q. That arrangement was represented by the contract which is here signed by him?—A. Yes.

Q. Of course, that makes it a very clear misstatement of facts in this letter.—A. It looks like it.

Q. Now then, how do you reconcile that answer and the previous answers with the next letter, which is dated August the 1st, 1904? Now, you bear in mind you told me before that about the date of this contract of the 18th of June, that the minister had assented to the change of that from \$125 to \$200, that was your statement, was it not?—A. I think—yes, yes.

Q. Now then, on August 1st, 1904, there is a letter from Holliday Brothers to the Honourable R. Préfontaine, saying—(Reads letter part of Exhibit 416.) Now, how do you reconcile that with the fact of the production of a contract on the 18th of June, which you say was approved by Mr. Préfontaine about the time, the 18th of June, how do you reconcile this letter with that?—A. Well, I reconcile—as I tell you, that happened some time ago. This thing was given to me only yesterday, I looked over the file the best I could, it was not in order as it is now, and that matter can be perfectly substantiated by Mr. Power, who came up to settle.

Q. Never mind Mr. Power.

By Hon. Mr. Cassels:

Q. Just answer the question. He may not substantiate it.—A. I know sir.

By Mr. Watson:

Q. Can you reconcile this with your previous statement?—A. It is just an error simply in time.

Q. Eh?—A. It is just an error simply in time.

Q. That goes to the root of the whole matter.—A. I could not remember these acts.

Q. In the answer you make you put the responsibility on the minister for this s on or about the 18th of June.—A. It is just a mistake in the time, that is all.

Q. Well.—A. An error in the time.

Q. Well then, there is that letter, you see.—A. Yes.

Q. Well, that is answered in your absence on the 8th of August.—A. Yes.

Q. Now, let us see where you were again at that time, 1904.

Hon. Mr. CASSELS.—The Colonel left on the 10th of August.

Mr. WATSON.—Yes. That is the first date here in this book. We have not any record before that. Then on the 9th of August, a letter is forwarded to Mr. Gregory in answer. (Reads letter part of Exhibit 416). This is signed by Mr. Magee for the Deputy Minister of Marine and Fisheries?—A. Yes.

Q. Did you see that letter?—A. Yes.

Q. That is written to Mr. Gregory. Now, tell me, if you please, why it was in the face of the fact that you had a binding contract made on the 2nd of June, for \$125, you should refer a matter such as that to the agent of the department at Quebec, bearing in mind that it was not he who made the contract, the contract was made here by you, why should you write to him to know whether the contract which you had made—A. Because that is always done in the department

Q. Eh?—A. Because that is always done in that way.

Q. Always done?—A. Yes sir.

Q. Always done?—A. Yes, sir.

Q. Even in cases of binding contracts?—A. Certainly. The minister wants to have the opinion of the officer who knows the locality, and who can—

Q. You make out contracts are not of much binding effect. A man may make one day and get from under it the next day?—A. When we know the conditions.

Q. Then are you in the habit of reconsidering contracts on the statement of different conditions by contractors?—A. It has happened sometimes in the department, very seldom.

Q. Sometimes?—A. Sometimes in the department, very seldom.

Q. Do you know of another case where it happened?—A. I could not recall it now.

Q. No, you could not recall it now.

Hon. Mr. CASSELS.—Did you know the conditions? When you made that contract in June you knew what the steamer was being engaged for? You had been dealing with that work years and years.—A. I will just tell you the reason now, my lord. When the matter was discussed between the minister, Mr. Power and myself—

Q. That was not the question I asked you.—A. It is coming to that.

Q. Well, later on.—A. Yes.

Mr. WATSON.—Now then, that is followed up on the 11th of August by a long letter from Mr. Gregory, that is 1904?—A. Yes.

Q. Now, at that time had you any knowledge at all of the condition of affairs at that agency under Mr. Gregory's charge, the condition of affairs as disclosed before his lordship within the last few months?—A. Not the slightest in the world.

Q. Eh?—A. Not the slightest in the world. He had the perfect confidence of the department.

Q. Then, as deputy minister in charge of the whole department, why did you not have some knowledge of the condition of affairs there, can you tell?—A. No

Q. You cannot tell?—A. No.

Q. The responsibility is upon you as deputy minister?—A. Yes.

Q. Then on the 11th of August Mr. Gregory writes you in answer to that letter: (Reads letter down to 'consumption of fuel is very much less appears true.') Now, when you got this letter you observed, did you not, that it was apparently on its face a letter making weight for the contractors?—A. Making what.

Q. Making weight for the contractors?—A. Was I here when that letter was received?

Q. It was written the 11th of August. Did it ever come to your knowledge?—A. It might not, and it might.

Q. It might not, and it might?—A. If I was here, it might, if I was not here it might not. That was a matter, as I tell you, under another branch of the department.

Q. What branch?—A. The branch giving contracts for steamers.

Q. That is Mr. Spain's?—A. Yes.

Q. Then it says, 'that wages are higher than heretofore is perfectly true.' (Reads remainder of letter, part of exhibit 416). Well, anyone reading that letter would at once think, would they not, that it was written in the interests of Holliday Brothers, from top to bottom, would not that occur to you?—A. It would look like that way. At the same time he was obliged to give the conditions, such as he thought them.

Q. Yes, I know. But there was nothing in reference to the contract, or other conditions, everything mentioned here is in favour of the proposition?—A. Of \$200? Yes, quite so.

Q. Now, why did you want that if the contract had been previously made for \$200 a day?—A. Because it is the custom in the department that you should have a favourable report of the officers in connection with the work that is performed.

Q. Yes, but had you made a contract on the 18th of June, for \$200?—A. The minister might have made up his mind to give \$200 but he wanted that ratified by the agent.

Q. No?—A. That is the case.

Q. We have your record of the 6th July, the original contract still in force at \$125 a day?—A. That is a letter prepared by Commander Spain.

Q. And signed by you?—A. Yes, by me, or the one signing for me.

Q. Of course, these do not put together along with your evidence?—A. No.

Q. Then August 25th, there is a letter from Mr. Cote. I do not think that bears upon it?—A. No.

Q. I see you are quite familiar with it. You have gone over these carefully?—A. As well as I could.

Q. As well as you could. I want to emphasize that yesterday morning you asked for a time, so it is not a matter of surprise to you now on this correspondence and my questions?—A. No.

Q. Then the 31st October, there is a letter from Mr. Gregory.

Hon. Mr. CASSELS.—There is some earlier one.

Mr. WATSON.—I think there were two.

Q. Now, the next we have is apparently from you. You see, that letter that I last read was the 11th of August.

Hon. Mr. CASSELS.—Colonel Gourdeau was away then.

Mr. WATSON.—Yes. You were away then. The next is apparently a letter from you of the 11th October, 1904.

Hon. Mr. CASSELS.—That is after the contract was entered into apparently.

Mr. WATSON.—September the 30th.

Hon. Mr. CASSELS.—The contract was closed.

Mr. WATSON.—The account is for services within the time.

Hon. Mr. CASSELS.—June, July, August, September, up to September the 30th.

Mr. WATSON.—Yes, my lord, that is right. (Reads letter, part of Exhibit 416.) 'You will notice that this firm is charging at the rate of \$200 a day. The rate agreed upon by the department was \$125 a day.'—A. Read that sentence again.

Q. (Repeats sentence.) Was that a correct statement of the facts on the 11th October, 1904?—A. It was not.

Q. It was not?—A. No.

Q. Well, then, there is not a bit of reliance to be placed on the departmental record kept by you. That is the long and short of it, is that so?

Hon. Mr. CASSELS.—Do you answer that question in the affirmative?—A. No, no. I answer that there is a good record in the department. That is a particular case which I can explain, as I have said before.

Mr. WATSON.—Then, speaking of the records we have here you say I shall be glad to hear from you if you consider this extra amount fair and just? Now then, I understand you to say that long before this had been written, and in about June, 1904, it had been agreed that \$200 a day should be paid?—A. Yes.

Q. Yes?—A. Yes.

Q. And yet on October 11th you write saying the contract was \$125 a day, and that you would be glad to hear from Mr. Gregory and have him consider whether the extra amount of \$200 a day was fair and just?—A. He has already reported.

Q. I did not ask you that.—A. The letter was not prepared with my sanction.

Q. It is signed by you.—A. I do not know whether signed by me, it might have been. It might have been signed in signing other letters?

Q. It might have been signed in signing other letters?

Hon. Mr. CASSELS.—You see, colonel, if I recollect rightly, in giving your evidence on a former occasion you took umbrage at Mr. Fyshe's statement in his report that letters signed by you it was impossible for you to read them over, and your evidence, if I remember correctly, was straight and explicit that nothing was signed without being read over?—A. Well——

Q. I am speaking from memory?—A. Yes.

Mr. WATSON.—'I shall be glad to hear from you if you consider this extra amount fair and just on account of the particular character and hardship, and wear and tear of the vessel, which was necessary, and if so you will certify to the account.' You give him positive directions there to certify the account?—A. If he considered it fair and just.

Q. If he considered it fair and just, is that right?—A. Yes.

Q. You recollect that?—A. Yes.

Q. And then that was a clear misstatement of the facts and conditions as they then existed in the department, because previous to that and in June a contract had been made for \$200 a day?—A. Yes, it was agreed we would give him \$200 a day.

Q. Yes. Then were you deceiving Mr. Gregory at that time?—A. No. We wanted to have——

Q. Did Mr. Gregory know at that time a contract had been made for \$200 a day?—A. He must have known it.

Q. He must have known it, I see. So that at the time you were writing these letters, you knew that they contained misstatements, and the receiver knew that they contained misstatements of facts?—A. No, I did not.

Q. Well, you said he knew.—A. I cannot get his opinion without making a statement of facts.

Q. You say he knew at the time of the contract for \$200 a day?—A. I am not quite sure. I think he must have known it.

Q. He must have known. Then he knew there was a misstatement when you had written here, 'The rate agreed upon by the department was \$125 a day.'—A. Well, that letter, Mr. Watson, that letter might have been prepared months afterwards.

Q. Months afterwards?—A. And I did not carry in my head the exact amounts of the different contracts. That is prepared by the officer who is responsible for that work.

Q. But I thought you said a little while ago, as deputy minister you are responsible.—A. I am responsible, certainly.

Q. Here is a definite contract—

By Hon. Mr. Cassels:

Q. Would you remember now better than three years ago?—A. No.

Q. I should think not.—A. No.

Mr. WATSON.—Well now, that is the condition of affairs with regard to that letter of the 11th of October. Then the next we have here is the 27th October, a letter by you, 'In answer to your letter of the 21st October,' I had better take that first. The next is a letter of the 21st October, written by Mr. Gregory. (Reads letter down to 'and using very insulting language.') Do you remember that?—A. I remember that letter.

Q. You remember that?—A. Yes.

Q. That was a very extraordinary condition of affairs, that would make you very suspicious of Holliday Brothers, would it not?—A. Well, he might not be able to give details of an account.

Q. He might not. But they were refused?—A. Properly so, I suppose.

Q. On the ground they could not give them, I see. So that did not make impression?—A. No.

Q. Then the next 'you will notice from my former correspondence that I protected Holliday Brothers' interests all I could compatible with my duty.' That is an extraordinary sentence, is it not, for an official to indite. 'You will notice from my former correspondence that I protected Messrs. Holliday Brothers' interests all I could, compatible with my duty.' How can you explain the writing of a sentence like that and the receipt of it by you?—A. I do not see anything very extraordinary in it.

Q. You do not see anything very extraordinary. I see. Well then, if you don't, there is nothing further to say I suppose. The next is, 'Messrs. Holliday Brothers have made out the time of their vessel.' (Concludes letter, part of Exhibit 416. So notwithstanding the direction to him, he did not carry out the direction?—A. Which direction?

Q. To certify to that at \$200 a day.—A. He could not certify to an account he was not satisfied with.

Q. He says he was satisfied?—A. That is for extras.

Q. \$200 a day was all right?—A. Yes.

Q. He did not certify to that. That is out of the ordinary course?—A. No, I don't think so.

Q. I see, that is in the ordinary course of business of the department under you?—A. Well, I do not see anything wrong there.

Q. Well, the next letter is your letter of the 27th October. (Reads letter, part of Exhibit 416.) 'To carry out the idea as suggested by the department.' What was that idea?—A. That was the closing of the account, the certifying of the account.

Q. Oh, the idea was the certifying of the account, I see.—A. And the deduction was made from that account for the reason that when it was changed from \$125 to \$200 a day he had to give up all the space of cargo to the department, and if he did not carry out his agreement then it was duty of the representative in Quebec to dock him a certain amount for that.

Q. Did you hear Mr. Holliday's evidence?—A. No.

Q. Showing that he was making—that he had \$125, he had \$50 from the Trade and Commerce Department, and that he was making about as much as those two sums for traffic and travel outside of the department?—A. Well, he did not carry out his obligation. That is why we sent his account down to be audited by the agent in Quebec.

Q. I see. So you see from this, according to his own evidence, about what sum he was making. Now, it was apparently a case of sympathy with him on your part?—A. Not at all.

Q. Under these conditions, increasing the conditions?—A. Not at all.

Q. Well, if not a case of sympathy why did you increase it over the contract price of \$125 a day?—A. Because I was instrumental in getting him to accept that offer of \$125.

Q. You were instrumental?—A. Yes.

Q. Were you doing your duty in the regular way as Deputy Minister of the Department?—A. Absolutely. I was trying to get him to sign an agreement by which we would pay \$125 a day instead of \$200 a day. That is exactly what I wanted to explain. I am coming to that.

Q. You got that?—A. Yes.

Q. And that was considered a proper agreement?—A. Yes. And I went out of my way as Deputy Minister in a branch I was not managing at all. I simply told Mr. Holliday, 'If you will not take that agreement at \$125 you lose it altogether.' Under that threat he went down to Quebec. He accepted that, but when he accepted that, he accepted it knowing his approval and support by Mr. Power would secure him the \$200 a day, which was done.

Q. Now—?—A. That can be proved easily enough.

Hon. Mr. CASSELS.—Do you mean to say a member has got influence enough to vary departmental contracts?—A. No, sir, but when a member who had more experience than I had of what would be the cost of working that vessel, and a man whose opinion Mr. Prefontaine would value, after discussing it with him I concluded I was wrong in telling the man to accept \$125. There is not the slightest blame on the part of the Minister.

Q. Mr. Prefontaine is not here to speak for himself?—A. No, but his secretary and Mr. Power are living, and they can testify to that. If I had not made the proposal of \$125, if I had not proposed to reduce the \$200, the matter would have passed without the slightest trouble in the world.

By Mr. Watson:

Q. For what?—A. For \$200 a day. It was myself destroyed the thing at first.

Q. You destroyed it?—A. Yes.

Q. Destroyed what?—A. Well, ask me a question in French, and I will answer absolutely as I mean. Perhaps I am not explaining myself right. If you understand French ask me in French, and I will answer.

Q. Did you destroy the attempt at overcharges?—A. I say in my judgment I thought—it was the first agreement we had made for the chartering of the vessel, and on the face of it I thought \$200 was too much, that was my first impression. I told Mr. Holliday 'Unless you accept \$125 I am going to try to prevent you getting it.'

Q. That is all right.—A. I met him on the street. In the fear of losing it, he accepted. From the moment of accepting until he secured the \$200 a day he was not satisfied. That \$200 a day was secured to him afterwards, and—

Q. Listen, please.—A. And all the letters, mistakes and errors in that does not go away from the fact that the matter was absolutely settled in a business-like way.

Q. Eh?—A. Yes.

Q. But—?—A. Yes.

Q. But, Mr. Gourdeau—?—A. And further proof of it is that they have continued chartering the vessel at the same rate, if not more.

Q. I did not ask you that.—A. That is proof of it.

Hon. Mr. CASSELS.—Just answer the question, it is simply this, so far as this contract at \$125 a day is concerned, he had that rate and the right to carry mails at \$50 a day?—A. We know nothing about that, your lordship. All that came out afterwards in his evidence. Just for the same reason, sir, we found—

Mr. WATSON.—Wait, please.—A. We found he was carrying freight for his own profit. That was one of the reasons why the Minister—

Hon. Mr. CASSELS.—If you know anything about it why did you not deduct the \$50 he was getting for the mails?—A. We did not know that.

Mr. WATSON.—Let us keep to the facts as they are here. You stated before in the early part of your evidence that the \$125 a day was the result of discussion and a compromise of views as to the proper sum.—A. I never said that.

Q. Did you not?—A. No.

Q. He was claiming——?—A. He wrote a letter.

Q. Listen. He was claiming \$200 a day?—A. He wrote a letter offering \$200 a day.

Q. I know that. He was claiming \$200 a day?—A. It was not a claim until granted.

Q. He asking \$200, just the same thing.—A. It is not a claim.

Q. He was asking \$200, and you were not willing to give as much as that?—A. That was my private opinion.

Q. Have you private opinions or official opinions?—A. Certainly, private.

Q. Are your private opinion your official opinion?—A. To a certain extent, certainly.

Q. To a certain extent, I see. So your official opinion are sometimes different from your private opinions?—A. No, they are not.

Q. I thought you just said they were.—A. I might have a private opinion if I wish to.

Q. Of course, you might, but do you give effect to your private opinion in issuing your official opinion?—A. No, certainly not.

Q. You do not?—A. No, certainly not.

Q. I see. And which opinion is usually right, your private opinion or your official opinion?—A. Oh, that private opinion I am talking of is a case that might happen in ten thousand.

Q. Now then, we were at that letter. You asked him there to certify the account. Now then, at the time you wrote that letter you still say that the contract then existing was for \$200?—A. Yes, the agreement was settled.

Q. The contract was for \$200 a day. If you make a definite contract with a man in writing for \$200 a day, do you after that get a certificate as to whether or not the contract price is just and fair, after the contract is made?—A. Yes, sir, it is generally done.

Q. Generally done?—A. Yes, it is done.

Q. What is the use of the contract at all?—A. Because that is the certificate that must be appended to all the vouchers sent to the Auditor General.

Q. I see. I thought that when a contract was made, that that was an end to it, that that fixed the prices for all time to come.—A. I don't think so.

Q. Oh, the contract does not. I am afraid the auditor general will have more to do than he has had heretofore.

By Hon. Mr. Cassels:

Q. Do you mean to say you want inquiries as to fulfilment of the contract, or whether the contract price is a reasonable price?—A. Fulfilment.

Q. That is the difference between what Mr. Watson is asking you. The contract having been made, all you have got to certify is?—A. That he has performed the contract.

Q. That is not the question Mr. Watson was asking you.

By Mr. Watson:

Q. Now, at that time, or previous to that time, had your attention been called by anyone to the facts that this ship was receiving a grant also from another department?—A. I do not remember.

Q. Had not the Auditor General himself called attention to that before that time?—A. I do not remember.

Q. Well then, on the 11th of November, you wrote a letter which is initialled by Mr. Spain. (Reads letter, part of Exhibit 416.) There is no reference there to a contract at \$200?—A. They knew the arrangement was made.

Q. Now, Mr. Gourdeau, throughout this correspondence after June, there is not the slightest reference in the world to this contract for \$200 a day, dated the 18th of June. How do you account for that?—A. It is an unfortunate occurrence, but the thing is without doubt. It was arranged he should get \$200 a day, and the conditions were not the same as when he was getting \$125.

Q. And these statements in the letter?—A. Are unfortunately in error.

Q. They are false?—A. Well, they are not correct.

Q. I point out to you, Colonel Gourdeau, it is not a matter of any inaccuracy or mistake. It must necessarily be a matter of deliberate misstatement, is not that so, plainly so?—A. Yes, that letter looks like it.

Q. Yes, a deliberate misstatement. Mr. Spain had full knowledge of the circumstances, as well as you?—A. Yes, I would like him to be called up.

Q. Never mind. Mr. Spain backs you up, he signs this as well?—A. Yes.

Q. Did Mr. Spain have knowledge of this correspondence at the time?—A. He should have, that is in his branch.

Q. At the time, I see. Did he ever call you to time, so to speak, for writing letters of this character?—A. No.

Q. I see. There is a duplicate of that letter on file to him. Then there is a letter from Mr. Mailloux on the 3rd of January, that is the next one apparently, 'I have the honour to inform you that Messrs. Holliday Brothers have given a power of attorney'—we need not deal with that. That is a power of attorney to the bank. How then in connection with that, and just here, I observe the initials on the margin of this—look and see Mr. Gourdeau, please. What is that at the corner there? Up there (indicating)?—A. A. W. Owen.

Q. A. W. Owen?—A. Yes.

Q. Oh, I see. That is initialled, my lord, I want to call attention to this, by A. W. Owen, accountant, and underneath that is this letter of the 3rd of January, 1905, a letter written by Mr. Gregory through Mr. Mailloux. (Reads letter, part of Exhibit 416.) On the margin of that the initials apparently of Mr. Owen occur, and further, 'Is necessary precaution taken 5/1/05.' That would be the 5th of January, 1905. Signed, 'J. B. A. B.'

Q. Who is that?—A. Mr. Boudreau.

Q. On the margin of it?—A. Yes.

Q. 5th of January, 1905.

Hon. Mr. CASSELS.—That would be to make a memorandum to insure sending notice of assignment.

Mr. WATSON.—Yes, my lord.

Q. Now, following upon that on the 4th of February, is a letter from Mr. VanFelson to you. Mr. VanFelson is a friend of yours, a personal friend?—A. No, I have not spoken to him three times in my life.

Q. You know him then pretty well?—A. No.

Q. It is just the form of address lending to the question. He addresses you, 'My dear Colonel.' Of course, that might be from a stranger?—A. Yes.

Q. (Reads letter, part of Exhibit 416.) You recollect that, do you?—A. Yes.

Q. That is the 4th February. Now then, you wrote him an answer on the 6th of February, saying: (Reads letter, part of Exhibit 416). So on the 6th of February you advised him that payments would probably be made in a month?—A. When the estimates passed.

Q. The accounts had been certified to at that time?—A. They were waiting for the payment when the money was available.

Q. So the account was passed in November?—A. It must have been.

Q. Mr. Gregory knew the account had been passed, because he certified to it at your request?—A. Evidently.

Q. So there was no doubt in the mind of any one in the department from the month of November that the account had been finally passed?—A. I should think it is.

Q. That is to say from the month of November, 1904, and any one inquiring would have ascertained that fact?—A. Yes.

Q. Then we have following upon that a memorandum from Mr. B. H. Fraser. (Reads memorandum, part of Exhibit 416.) He says there: 'which greatly handicapped the department.' That is right, is it—A. Yes.

Q. So the department during that year was greatly handicapped. That is why the \$20 was taken off?—A. Yes.

Q. Oh, I see. He says here, 'These is a large amount of work to be done this season in the gulf,' and he recommends that the boat be purchased. We have nothing to do with that?—A. No.

Q. Now, let me see if there is anything else that bears upon this. Then you got no further communication with Mr. VanFelson after that letter of the 4th of February?—A. I don't know.

Q. That you remember of?—A. No.

Q. I see a telegram, it was not here yesterday.—A. What is it about?

Q. A telegram from Mr. VanFelson to you of the 2nd of June, 1905: 'Bank holding power of attorney, amounts due Holliday earnings. *King Edward* last season. Please return account immediately to us for collection.'—A. What is the answer to that?

Q. The 2nd of June, 1905.—A. What is the answer to that?

Q. This was not produced before.

Hon. Mr. CASSELS.—I did not see it.

Mr. WATSON.—No. Now, that has marked on it, 'Account F. G.' That is for you?—A. Who?

Q. Is that it, those are your initials?—A. Yes. To go to account F. G.

Q. Then the next is a letter from Mr. VanFelson to you of the 2nd of June, 1905. (Reads letter, part of Exhibit 416). To recall original accounts for correction rather than file new ones. This throws some light perhaps on it. On the corner of that is Commander Spain. Whose writing is that?—A. Mr. Halkett's.

Q. Then we have here, 'Accountant.' 'This has been done but the letter in reference to this is not on file. Kindly try to find same and place on file. J.B.A.B., 6th of June, 1905.'—A. Boudreau.

Q. Eh?—A. That is Mr Boudreau.

Q. Yes.

Hon Mr. CASSELS.—Will you read that memorandum again?

Mr. WATSON.—Of the 6th of June, the memorandum in the margin?

Hon. Mr. CASSELS.—Yes.

Mr. WATSON.—In the corner is 'Commander Spain' over Mr. Halkett's initials. Then underneath that is the word written 'Accountant' by somebody. Then in red ink is 'This has been done,'—That is sending back the account, I suppose—'but the letter in reference to this'—I do not understand that—'not on file.'

Hon Mr. CASSELS.—The letter returning the accounts. They may have been taken by hand.

Mr. WATSON.—'Not on file.' Kindly try to find same and place on file.' Now, my lord, I want to say in explanation for myself that I went over this file half a

dozen times, and most of these letters were not on this file yesterday when I was cross-examining the other witnesses.—A. That file was all topsy-turvy yesterday. Probably it was fixed up last night.

Q. Well, the file is here. Then the next is from the deputy to Mr. VanFelson—we have passed over some letters here of the 2nd of June, another letter of the 2nd of June, a letter of the 2nd of June from Mr. Gregory to you. Well, that does not relate to it. This refers to the *Sequin*.—A. That is another matter altogether.

Q. Let us see. (Reads letter part of Exhibit 416). Was there ever an expenditure of \$3,000 on the *Sequin*?—A. There was some expenditure.

Q. Was there an expenditure of \$3,000 on the *Sequin*?—A. I could not tell you.

Q. You could not tell. Was there an appropriation and a payment of \$3,000 for repairs that were not made on the *Sequin*?—A. If there was an appropriation made to meet those repairs, do you mean?

Q. Yes, and it is a fact that the repairs were not made?—A. After preparing an estimate for the making of them?

Q. Yes; and after the appropriation?—A. No, I do not believe that.

Q. Eh?—A. I do not believe that.

Q. Well then, the next is a letter from you of June the 5th, 1905, to Mr. VanFelson. (Reads letter, part of Exhibit 416). Why did you not send the cheque that was signed then before that on the 2nd of June?—A. That is a matter that can be explained by the accountant.

Q. Can you explain it?—A. No.

Q. This letter was apparently signed by you?—A. Yes.

Q. You knew what you were signing at that time?—A. Yes.

Q. Listen, please. Here was an account which had gone through the long history we have had already, that had finally been adjusted at your request and suggestion, fixed up, meantime the man having that account, or his attorney sends a telegram to you to return the account as he wants to add to them, and without any question whatever you simply return him the accounts?—A. On a letter prepared by the officer who had charge of that service. That would be done by anybody.

Q. Yes.—A. Certainly, there is nothing in that.

Q. Where is the letter that you refer to, prepared by the officer?—A. That is the letter prepared by the officer that you have just read there.

Q. Yes. That is a letter from Mr. VanFelson of the 2nd of June asking for that?—A. Very well, that would be transferred to the officer in charge of the service and it would be prepared by him, the answer.

Q. It would be?—A. Yes, sir.

Q. There is no reference to a transfer of this letter?—A. That does not follow. That goes naturally into his office.

Q. Whose office?—A. Commander Spain's office.

Q. Why did you not get Commander Spain's initials on it? That seems to have been so in other cases?—A. He will tell you that is his letter himself.

Q. What?—A. He will tell you that is his letter himself.

Q. I am asking you?—A. I am sure of it.

Q. Sure of what?—A. Sure of his letter prepared by that officer.

Q. But you signed it?—A. I do not know. I might have, and might not.

Q. Your signature is here?—A. If my signature is there I signed it.

Q. Your signature is on the copy?—A. Very well, I signed it.

Q. And you take the responsibility of it?—A. Yes.

Q. So that at all events on the 5th of June you sent him back the accounts as requested by him?—A. Yes.

Q. On the same day you wrote a letter to Mr. Gregory. (Reads letter, part of Exhibit 416). That was sent. Now, before that, had you received any accounts?—A. That would be entirely in the accounts branch.

Q. Do they come at all before you, do you sign them, any of the official accounts?—A. I don't think so.

Q. Eh?—A. I don't think so.

Q. You don't think so?—A. No. They would be treated entirely in the Accountant's Branch.

Q. Did he claim more money after that?—A. I don't know. I don't know anything about the account.

Q. Then he writes you on the 6th of June, Mr. VanFelson does: 'Your favour of the 5th inst. received, also Holliday Brothers' accounts through Mr. Gregory.'—A. He was the proper person to hand them over.

Q. Yes. You had not sent them to Mr. Gregory, you had sent them to Mr. Van Felson?

Hon. Mr. CASSELS.—Does he say so there?

Mr. WATSON.—Yes, the letter of the 5th of June. Your lordship is right. 'As requested by your telegram I returned to-day to the agent of the department at Quebec the account.' That is right. This is on the 6th of June: 'Your favour of the 5th inst., received, also Holliday Brothers' accounts through Mr. Gregory.' Now, here are the accounts apparently, here are the additions making an additional claim for interest on these accounts of \$1,272.73?—A. Yes.

Hon. Mr. CASSELS.—What is the total amount of the account less the interest?

Mr. WATSON.—This is just an additional account for interest.

Hon. Mr. CASSELS.—To what was already sent in.

Mr. WATSON.—No other amounts mentioned. It just says 'interest on accounts as rendered.'

Hon. Mr. CASSELS.—Where is the account that came back?

Mr. PERRON.—In the hands of the Auditor General.

Mr. WATSON.—'I beg to advise having returned those to Mr. Gregory.' Then there is a letter from Mr. Gregory of the 6th of June. (Reads letter, part of Exhibit 416). Evidently these are out of place. These were the ones sent, these two accounts, and on the corner of that is marked 'received 8-5-05.' Whose writing is that?—A. Halkett's.

Q. Then underneath that is?—A. Boudreau's.

Q. I did not ask you that?—A. I am telling you the signature.

Q. If you will just answer the question, please. Underneath that is 'Filed for present 13-6-05—that is the 13th of June, 1905—'J.B.A.B.'?—A. 6th of June, your lordship will observe that is marked on the margin of it.'

Hon. Mr. CASSELS.—Yes.

Mr. WATSON.—Now, let us see what follows that, have you got the letter enclosing the cheque, Mrs. Thomas? We asked for that last evening?—A. That is a regular form sending out the cheques.

Q. What is the form?—A. A form all prepared out, and they have just to enter the amount.

Q. Have you the form there? Now, the next we have here upon this file—and we will have to make perhaps some further investigation—is a letter from the auditor-general to you of the 16th November, 1905. (Reads letter, part of Exhibit 416.) That seems to have been referred to everybody under the sun nearly, the accountant, the chief engineer, and Commander Spain, and I don't know how many others, and on that is marked, amongst other things, 'B.H.F., I had nothing to do with it.' J.F.F. has made something of the same remark; and Mr. J. B. A. B. says, 'Kindly bring the file up when Mr. Gregory will have answered letter of 20th inst.' That is signed 22 'J. B. A. B.' Now let us see, the next is a letter by you to Mr. Gregory. (Reads letter, part of Exhibit 416.) Why, this is queer play. Is this serious, that you were

en writing to Mr. Gregory asking him if there was ever a contract with Holliday brothers, and if so if he knew about it to send it up here—it speaks for itself—how do you account for that ?

Hon. Mr. CASSELS.—Is that signed by Mr. Gourdeau ?

Mr. WATSON.—Yes, my lord. Of course that is inexplicable upon its face, is it not ?—A. That is prepared by the officer in charge of that service.

Q. Signed by you ?—A. Certainly.

Q. You mean Mr. Spain, do you ?—A. Yes.

Q. You see, Colonel Gourdeau, you actually in this letter asked Mr. Gregory, to tell him that the department wishes to know if there was an agreement with the owners of the *King Edward* as to the price to be paid for the steamer when used by the department, and you ask him, you say, ‘If so, kindly forward certified copy of it.’

A. And he could have answered it was.

Q. Oh heavens ! Do you mean to say that after all we have heard and read that there was a contract Mr. Gregory should have sent up a copy of it, is that your answer ?—A. Yes, he could have answered it or could have sent it to the auditor general.

Q. He could have answered ?—A. Yes.

(Adjourned at 1 p.m. to 2.15 p.m.)

2.15 p.m.

Hon. Mr. CASSELS.—Is Mr. Odell here ? I understand he wishes to make a statement under oath in reference to his evidence. Perhaps you will take him after Colonel Gourdeau, Mr. Watson ?

Mr. WATSON.—Yes, my lord.

Hon. Mr. CASSELS.—Send for him, and he will be able to get away by the train. I did not understand what he was saying this morning.

Examination of Col. GOURDEAU resumed.

By Mr. Watson:

Mr. WATSON.—Col. Gourdeau, before adjournment for luncheon I referred you this letter of the 20th November, written by you after your receipt of the letter from the Auditor General inquiring about the contract. Just in a word again, in reference to this letter you say: ‘The auditor wishes to know if there was an agreement with the owners of the steamer *King Edward* as to the price to be paid for the steamer when used by the department. If so, kindly forward a certified copy of it.’ Now, at the time you wrote that letter you knew—

Hon. Mr. CASSELS.—At the time the auditor wrote the letter.

Mr. WATSON.—No, my lord, at the time he, Mr. Gourdeau, wrote this letter, this is Mr. Gourdeau’s letter.—A. That went to the auditor.

Hon. Mr. CASSELS.—I beg your pardon. That is the one to Mr. Gregory ?

Mr. WATSON.—Yes, my lord. At the time you wrote or signed this letter you knew that a contract first had been made on the 31st of May and 2nd of June ?—A. I did not know if it was since that.

Q. In the correspondence at \$125 a day ?—A. I knew—at \$125 ?

Q. Yes.—A. No, it was \$200 a day.

Q. Now, I am asking you about the first contract at \$125 a day.—A. Yes.

Q. At the time you wrote this letter on the 20th November to Mr. Gregory, you knew that you had first made a contract at \$125 a day ?—A. Yes; which was changed.

Q. Well, you knew you made that contract ?—A. Originally, but it was changed.

Q. I did not ask you that. You made that contract?—A. I knew it was changed at the same time. I must say that in justice to myself.

Q. I am going to ask you another question.—A. Yes.

Q. At the time you wrote this letter then you knew that the first contract had been made at \$125 a day?—A. I did not carry it in mind. When I signed that letter it had escaped my memory.

Q. A minute ago you said you knew you made that contract, and it had been changed. Did you know then when you wrote this letter?—A. I say it had escaped my mind when I signed the letter.

Q. What had escaped your mind?—A. If the whole thing had come back to me I had known there was a contract.

Q. Known what?—A. That the matter had been arranged for \$200 a day.

Q. Yes?—A. Certainly.

Q. Why did you write him this way, saying the auditor wishes to know if there was a contract, and whether the prices had been fixed?—A. That was true.

Q. Yes, the auditor did wish to know that?—A. Yes.

Q. And do you say now that on the 20th of November you did not know that there had ever been any fixing of prices with Holliday Brothers?—A. At that time I am quite sure that agreement which was only partly signed was never returned to the department, and was not on the file, and it was known to the officer who prepared that letter.

Q. Listen. That is what you say now?—A. Yes.

Q. So you say this was not in your mind at the time?—A. No.

Q. Not in your mind, I see. Of course, if it had been in your mind you would have remembered the two previous contracts?—A. Certainly.

Q. Yes?—A. Certainly?

Q. You had not forgotten those two previous contracts in October, according to your letter?—A. What letters were they?

Q. The letters you previously wrote to Mr. Gregory.—A. About examining accounts.

Q. Yes, and about the contracts?—A. Yes.

Q. So that a month before that time you had these contracts clearly in your mind?—A. I must have had, yes.

Q. You must have had?—A. Yes.

Q. I see. Now then, what was the answer you got from Mr. Gregory, do you recollect?—A. No.

Q. You do not recollect. Did you get any answer at all?—A. I don't know, don't remember.

Q. Now, I find that on the 4th of December, the last letter was the——

Hon. Mr. CASSELS.—Just one moment, Mr. Watson. Is that Mr. Odell?

Mr. ODELL.—Yes, sir.

Hon. Mr. CASSELS.—Come here, I want to say a word to you. This morning understood you wanted to put in a statement?

Mr. ODELL.—No, sir, not a statement.

Hon. Mr. CASSELS.—What do you want to do?

Mr. ODELL.—I want to contradict——

Hon. Mr. CASSELS.—You want to give in explanation something under oath?

Mr. ODELL.—Yes, sir.

Hon. Mr. CASSELS.—Do you want to get away to Quebec to-night?

Mr. ODELL.—I want to get away this afternoon.

Hon. Mr. CASSELS.—Just stay here until Colonel Gourdeau's evidence is completed. It is an explanation under oath you wish to give?

Mr. ODELL.—Yes, sir.

Hon. Mr. CASSELS.—Then you will be able to give it after Colonel Gourdeau has finished his evidence.

Mr. WATSON.—Now I find, following upon that letter of the 20th November, that on the 4th December you sent this telegram:—‘J. U. Gregory, agent Marine and Fisheries Department: Department waiting information asked for in letter November 20th, in reference *King Edward*. (Sgd) F. Gourdeau, Deputy Minister.’ Now, that of course is manifestly not in accordance with the facts that the Department was waiting information asked for in the letter of November the 20th?—A. That telegram was prepared by the officer in charge.

Q. I did not ask you that.—A. But I am telling you that.

Q. I say the statement in this telegram is manifestly not in accordance with the facts?—A. As far as the officer who prepared that telegram is concerned, it is right.

Q. This says:—‘Department waiting information.’ A. So the Department was, as far as that officer was concerned, the officer who wrote that.

Q. This officer is F. Gourdeau.—A. No; the officer who prepared that telegram which my name was put to, and it was sent to Mr. Gregory.

Q. Just a moment please. Will you undertake to say under oath that you did not see that telegram?—A. No, I would not undertake to say I signed it either under oath.

Q. No. Now, it is a fact that the Department then and you then had on your part a full statement of all the facts, you required no information: is not that the fact?—A. No.

Q. Is not that the fact?—A. No, not if the papers had not been returned by—

Q. Mr. Gourdeau, you have already stated repeatedly—A. I knew as far as I was concerned it was settled.

Q. You knew this was not in accordance with the facts?—A. Yes, I knew, but not when the telegram was sent.

Q. You knew, but not when the telegram was sent?—A. No.

Q. Oh, but you knew on the 4th of July?—A. Certainly I did.

Q. And you knew according to all this subsequent correspondence?—A. Yes, while—

Q. Listen. You knew the facts stated in these letters?—A. Yes. If the whole thing was brought to me at the time. That was simply a telegram. Hundreds of things may have been transacted that day and signed on the faith of the officer who prepared that telegram.

Q. Who is the officer?—A. Who prepared the telegram?

Q. Yes.—A. I do not know.

Q. You may have done so yourself?—A. No.

Q. You said a moment ago you might have signed it.—A. It would be given to me to sign. I never prepared that telegram.

Q. No recollection?—A. Not the slightest.

By Hon. Mr. Cassels:

Q. Do you not read telegrams and letters before signing them?—A. Yes, my lord. When a telegram was brought to me by an official I could not consider the circumstances of the case and examine the file. I would simply take it that he prepared that telegram properly, put my initial to it and let it go off.

By Mr. Watson:

Q. Now, look here, Mr. Gourdeau. Is it not the fact that your letter of the 20th November and this telegram were mere subterfuges to try and cover up the facts?—A. Not at all, not at all, not at all.

Q. Well, the letter and the telegram are absolutely inconsistent with the facts, are they not?—A. Yes.

Q. Yes.—A. They are inconsistent with that.

Q. That will do. Absolutely inconsistent with the facts..

Hon. Mr. CASSELS.—The whole record was false, that is what it comes to.

By Mr. Watson:

Q. Now, on the 5th December, a letter was written by Mr. Gregory in answer. Have you seen that?—A. I don't remember.

Q. Eh?—A. I don't remember.

Q. Have you gone over it in the last day or so?—A. As I told you I ran over it yesterday.

Q. You ran over it yesterday?—A. Yes.

Q. Let me see, I have not had that opportunity. We will see what is in it now. The 5th December. (Reads letter, part of Exhibit 416.) You recollect that before this, and in October you had sent him a copy of the \$125 a day contract, do you recollect that?—A. I thought it was that contract, the one for \$200 a day.

Q. No, it was that contract. He says here: 'I beg respectfully to report that Messrs. Holliday Brothers, Quebec, were to be allowed \$200 a day for the use of the steamer *King Edward*, but I found that some time had been lost by attending to some of their own business on the way up and down, and that the time amounted to rather more than had been represented to you by Mr. Holliday when he was in Ottawa, and after thoroughly inquiring into the matter a deduction of \$20 a day was made by me off their account. Therefore \$180 a day was paid to Messrs. Holliday Brothers for the time the *King Edward* was engaged in the service. I beg to refer you to my letter of the 31st October on the subject. The settlement of the account was outside of any formal agreement, and was left in my hands. My action was approved by departmental letter dated 11th November, 1904, and I certified the account for payment on that basis.' Now, Mr. Gourdeau, that letter also is a plain misrepresentation of the facts, is that not so?—A. I think it is.

Q. You think it is.—A. I think it is. Not so far as the \$200 is concerned.

Q. Well?—A. Well, well, I would like to have my explanation.

Hon. Mr. CASSELS.—What the colonel means is this, he is speaking of the contract of \$200 a day.

Mr. WATSON.—It is not merely that, my lord. The writer of this letter had previously received a copy of the contract at \$125 a day.

Hon. Mr. CASSELS.—I understand. But what the colonel says, whether right or wrong is another matter, is that there had been a contract.

Mr. WATSON.—He makes the statement, 'Extra help for discharging cargo.' Now it is manifest your letter of the 20th November, and this letter in answer were written for the purpose of making evidence to the Auditor General?—A. No.

Q. What?—A. No, I do not think so, not at all.

Q. Well, let us see what followed it. The 12th December, a letter by Mr. Gregory to you. This is another contract or the *King Edward*. Now, what report did you make to the Auditor General?—A. Well, I do not remember what report I made.

Q. What?—A. I do not remember what was sent.

Q. Did you ever give to the Auditor General the contract at \$125 a day?—A. I do not know. I cannot tell you from memory.

Q. You cannot tell from memory?—A. No.

Q. Did you ever give any contract to the Auditor General?—A. I cannot tell you. It would be prepared by the officer who was in charge of the contract or the accountant, who could not pay any money without being absolutely sure there was a contract.

Q. Of course, the correspondence by the Auditor General is necessarily with the

ad of the department?—A. Yes, sir.

Q. And the answers.—A. Prepared by the officers in charge of the branch.

Q. Must necessarily be by you?—A. No, prepared by the officers in charge of the branch.

Hon. Mr. CASSELS.—Mr. Watson, there is no pretence there is any contract in writing for \$200.

WITNESS.—There is one signed by Holliday.

Q. That is not a contract. There is no pretence there is any contract. The only contract is that at \$125, so far as writing goes.

Mr. WATSON.—Now then, do you recollect a letter after that written by you on the 16th December, to Mr. Gregory? Now, I find on the 16th December, and after the receipt of these letters that you wrote again to Mr. Gregory. Now, you have already stated, Colonel Gourdeau, that this account of 18th of June was made in June, and about the time that it bears date: that is right, is it not?—A. Well, it might be about that time, it might be a little later

Q. That is what you stated your understanding to be?—A. Yes.

Q. Now, on the 16th December I find you wrote this letter to Mr. Gregory. Reads letter, part of Exhibit 416). Now, that was a long time after the money had been paid, because this is the 16th December, 1905?—A. Yes.

Q. And you say, 'And I have to request you to have it signed and returned to the department. In looking over the files referring to the *King Edward* it was discovered that the first one was missing and likely mislaid. Therefore to complete our file it is necessary to have a copy.' Do you recollect that?—A. Yes, that was written.

Q. Eh?—A. Yes, that was written.

Q. You recollect that?—A. Yes.

Q. Then there is a letter from Mr. Gregory of the 31st December to you. (Reads letter, part of Exhibit 416). That was the first time apparently that it was signed by Holliday Brothers?—A. Yes, that had been neglected

Q. Yes, 21st December, 1905.

Hon. Mr. CASSELS.—21st December, 1905?

Mr. WATSON.—Yes, my lord.

Hon. Mr. CASSELS.—The money was paid in June, 1905.

Mr. WATSON.—Yes, my lord. Of course this was solely and entirely for the purpose of the Auditor General, that is manifest?—A. For the record of the department as well.

Q. Oh, oh.

Hon. Mr. CASSELS.—That contract was never signed by the Crown.

Q. Mr. WATSON.—No, it was never signed by the Crown, and apparently never signed by Holliday Brothers until the 20th or 21st December, 1905.

Hon. Mr. CASSELS.—The minister died when?

Mr. WATSON.—I am informed December 25th, 1905. He was in the Old Country for sometime before that. When did the minister leave Canada?—A. I could not tell you.

Q. About what time?

Mrs. THOMAS.—Probably October.

Hon. Mr. CASSELS.—He died in England about Christmas.

Mr. WATSON.—I think he was away for some time before that.

Hon. Mr. CASSELS.—As for as he is concerned, there is no proof whatever of any contract by him.

Mr. WATSON.—No.

Q. Now, that is the condition of affairs.—A Yes, as it looks on the file.

Q. As it looks on the file?—A. As it looks on the file.

Q. As it looks on the file?—A. Yes.

Q. Now, Mr. Gourdeau, will you please look at this contract signed by you, dated 19th June, 1905? Do you see that one, (handing same to witness).—A. (Witness examines contract).

Q. Let me see it now. I merely want you to identify the signature.—A. I want to look through it to see.

Q. Let me see it now, please. I will show it to you afterwards. I want to ask you a question. This is a contract, a charter party made the 19th of June, 1905, between the Crown and Mr. Holliday for the steamship *King Edward*, at \$200 a day. I want to ask you, will you undertake to say that this is not the contract that you sent to the Auditor General to answer his demand in his previous letter?—A. (Witness examines contract).

Q. Will you undertake to say you did not send that contract to answer his demand?—A. No, I won't.

Q. You won't undertake to say?—A. No.

Q. I see, you won't undertake to say. And this contract on this date is different from the contract of 2nd of June, 1904, and is also different from the contract of 18th of June, 1904, which was signed by Holliday Brothers in December of that year, and you will not undertake to say that you did not send this third one to the Attorney General in answer to his demand?

Hon. Mr. CASSELS.—The Auditor-General.

Mr. WATSON.—The Auditor-General. That is the position. (Contract of 19th of June, 1905, between the department and Holliday, marked exhibit 435.)

Q. This time-book, exhibit 420, has been produced by Mrs. Thomas from the department. I see you sign it each and every day?—A. Yes.

Hon. Mr. CASSELS.—When he is not there, it is signed by Mr. Stanton several times.

By Mr. Watson:

Q. When you are not there, it is signed by Mr. Stanton several times?—A. Yes, sir.

Q. I would assume in signing this you have some knowledge of the facts.—A. I sign that after it has been examined by the person in charge of the book.

Q. That is Mrs. Thomas?—A. Yes; and so as to receive any information as to the absence of any person, or any irregularity of signing, so I would take notice, and if there is nothing told me I sign the book and that closes it.

Q. Then do you understand that it is possible that this book might be signed on a day subsequent to the particular date in question, say for instance the 15th of June, that it bears the signature of an official on the 15th of June, do you understand it is possible that that signature might be written on the 18th of June?—A. If it is written between the lines, or anything like that.

Q. I am just asking you as to the fact? Take that 15th of June.—A. Yes.

Q. The first name happens to be Mr. J. B. A. Boudreau?—A. Yes. Well—

Q. Listen to my question. That appears to be his handwriting there, this one here. (Indicating).—A. It looks like it, yes, I think it is.

Q. You think it is?—A. Yes.

Q. Now, I want to know, is it possible, in accordance with the system that prevails there that he might have written that signature on the 16th, 17th, or 18th of

me, and not on the 15th of June?—A. No. That book was closed and remained in our room until next day. Is that the case?

Q. I am not asking anybody else, I am asking you.—A. No, I do not think it possible.

Hon. Mr. CASSELS.—Is it not possible you might leave it out to be signed by somebody subsequently, supposing that was wanted to be done?—A. I never heard of any such thing being done.

Q. I do not suggest it has.—A. No, sir.

Q. I mean if occasion arose it might be important to prove an alibi on that date which he could fill in later?—A. Yes.

Q. It might be done. It would require connivance, of course.—A. Yes, connivance of the officer in charge of the book.

Q. Yes. It could very easily be done.

Mr. WATSON.—Now, on the 15th of June, there is a memorandum in the letter-book that these cheques to Holliday Brothers which have been put in were sent to me upon a form similar to that?—A. Yes. Upon that date?

Q. The 15th of June. You see that? (Exhibiting).—A. Yes.

Q. That is the 15th of June, 1905. Is that right?—A. Yes.

Q. At the time that these cheques were sent had you received supplemental accounts, do you know?—A. I could not tell you that. The chief accountant might be able to give you that information.

Q. Did you ever answer the letter of Mr. VanFelson asking for an additional \$1,200 for interest?—A. If it is not on the file I did not answer it.

Q. No attention was paid to it?—A. If it is on the file—I do not know why that is not on the file—it would, like other matters pertaining to that, be sent to the officer in charge, who would prepare a letter for me if it was sent.

Q. Have you any recollection of a letter being sent?—A. No, not the slightest collection.

Q. Not the slightest recollection?

Hon. Mr. CASSELS.—Mr. Watson, are you likely to be much longer?

Mr. WATSON.—No, my lord. I just want to get that letter returning the amended account. Now, then Colonel Gourdeau, following upon all this correspondence and this condition of affairs stated in your evidence, we have the evidence of Mr. VanFelson. Did you hear it?—A. I heard part of it.

Q. You heard part of it. Do you recognize that the evidence of Mr. VanFelson, particularly with regard to the payment by him of the sum of \$3,000 is rather consistent than otherwise with the previous correspondence, and with the condition of affairs as they existed, do you recognize that?—A. Not at all.

Q. You do not, eh?—A. Not at all.

Q. That will do, sir.

Hon. Mr. CASSELS.—Mr. Odell, if you want to get away, you can come forward. What do you want to say?

Mr. WATSON.—I will call you again, Colonel Gourdeau.—A. Thank you.

Hon. Mr. CASSELS.—You want to make an explanation, Mr. Odell. Just come in.

ERNEST G. ODELL, recalled.

By Hon. Mr. Cassels:

Q. I understood you wanted to put in a statement?—A. I want to rectify a misunderstanding.

Q. That is all right so long as you do it under oath?—A. Certainly.

Q. What is the point you wish to correct?—A. It is in reference to the percentage of profit. I did not mean from the department, but it was between us, Mr. Ritchie and myself, the division of our share in the profits, it was not the profit we made on the sales to the department.

Q. I understand. Is that all?—A. That is what I wanted to say on oath, and wanted to say how much we made if you would—

Q. That is what you wish to say?—A. Yes. I beg your pardon. Sometimes we received the whole thing like 100 per cent.

Q. You said that yesterday?—A. Exactly what I said yesterday.

Mr. WATSON.—Mr. Gourdeau wants to say something.

F. GOURDEAU, recalled.

Hon. Mr. CASSELS.—What is it, Colonel?—A. What I wish to state, my lord, is this, I think I said something about it during my examination. When that first application was made by Mr. Holliday offering to take that charter for \$200 he was up here a day or so after this letter was received here. I happened to meet him just going out of the door of the Western Block, I remember it particularly, and Mr. Holliday said: 'I have come up to close up the charter for my steamer.' I said, 'You are asking too much, and unless'—I was in a great hurry at the time, that is why I spoke very few words—'unless you do that work for \$125 I will try and see to get another steamer.'

Mr. WATSON.—You have already stated that in evidence.

Hon. Mr. CASSELS.—It is already down.

A. This is another statement I wish to make, that in all the records of the department, and the thousands of transactions that have occurred, no expenditure of money has ever been made without the sanction of the minister of the department. The expenditure of money first of all—

Hon. Mr. CASSELS.—Colonel.

A. I wish that to be—

Q. It is absolutely clear so far as this evidence goes, the written evidence, that the minister was not a party in changing the contract, that is the late Minister Mr. Préfontaine. That is absolutely clear as far as—A. As far as it goes.

Q. Now, what am I to do, am I to judge by oral statements made after the death of a man, or take the correspondence and treat it as genuine and judge by that?—A. What I ask is that Mr. Power be summoned here, as the discussion was between him.

Q. Very well, get him here. Anyone you like to bring?—A. Thank you.

(Official notice of Holliday cheque for \$30,400 on account of *King Edward*, marked Exhibit 436.)

RICHARD SCHOFIELD sworn.

By Mr. Watson:

Q. Mr. Schofield of Toronto?—A. Yes.

Q. Have you got your books here?—A. Yes, sir.

Q. Did you make a contract with the Canadian Fog Signal Company to manufacture the diaphones that they were selling to the Department of Marine and Fisheries?—A. Yes, we had built several diaphones for fog signals. The contracts were not in the regular form of contracts, but just by quoting and having an order by letter.

Q. Have you got the correspondence here?—A. Yes, sir.

Q. Let me see it, please?—A. It is in the room, I believe. (Produces bundle.) This whole file is the Fog Signal Company.

Q. Yes. Now, have you gone over it yourself?—A. I think—

Q. What was the cost to you of the manufacture of the diaphones, or what did you charge the Canadian Fog Signal Company for the making of such diaphone?—A. There were a number of different sizes, and each one was a different price.

Q. Yes. Have you got a memorandum?—A. Yes, sir. It is all there. (Producing.)—And we have the books.

Q. Help us. You are familiar with your own books?—A. If I can do so. Those are shop orders of the Canadian Fog Signal. Six inch piston.

Q. This includes the diaphone and the plant?—A. No, sir, just the diaphone. Those are pistons.

Q. Wait, please. Did you manufacture the plant as well as the diaphone?—A. No, sir.

Q. Who did the plant?—A. I do not know that. The plant, I presume you mean the air pump, and the motive power, and all that kind of thing?

Q. Yes.—A. We had nothing to do with that part of it.

Q. What did you have to do with?—A. With the speaking or the sounding part.

Q. With the speaking or the sounding part?—A. Yes, sir.

Q. Then is this a special part of your business?—A. We are manufacturers of speaking machinery, and this is one of the lines.

Q. Now, then, I see the 21st of May, 1906, is the first entry here. Where is the book before this?—A. The books at that time?

Q. Where is the book before this?—A. At that time, I was by myself previous to that, and this is when the Schofield Company started, and our shop orders were kept in book form, 100 leaves each. If I brought those down there would be twenty to bring. Your men told me it was not necessary. This would show all the prices.

Q. I wanted the prices before the 21st of May, 1906. Can you give those?—A. Here they are. The correspondence will give everything.

Q. I do not want the correspondence?—A. Those letters are the orders of everything.

Q. Were the prices fixed in the correspondence?—A. Yes, sir. We quoted on them and they accepted the quotation or otherwise.

Q. Mr. Schofield, you knew what you were coming here for. Have you prepared a statement?—A. No, sir. I did not know just what I was coming for. I don't see why you should reach me at all.

Q. It was to give the cost or selling price by you to the Fog Signal Company of these diaphones and plant?—A. Yes, sir. Well, that is all in there. (Indicating.)

Q. Well, can you help us?—A. Yes.

Q. Without just putting a big book and papers before us.

Hon. Mr. CASSELS.—Give us the cost first and then verify it.

Mr. WATSON.—I think you had better just stand off and get those things, prepare them for us?—A. I do not see that I can get any preparation of that character any further than I have here. Here is the number made, and the material charged to it.

What can be plainer?

Q. Have you got it summed up?—A. Yes.

Q. What is the total? That is of what?—A. Of these eight 3-inch diaphones.

Q. Eight diaphones, that is right, is it? This is on April the 26th, 1906.—A. Eight diaphones.

Q. Listen, please. 'Eight diaphones complete with one piston each, \$85.' That is right, is it?—A. Yes, sir.

Hon. Mr. CASSELS.—With what attached?

Mr. WATSON.—Eight—3-inch is that?—A. Yes.

Q. Three inch diaphones complete with one piston each, \$85 each for each completed diaphone. Then 16 extra pistons, \$8 each. That is right?—A. Yes, sir.

Q. That would be \$128 for the extra pistons, 16 extra pistons at \$8 each. Now then, I suppose that illustrates fairly well?—A. Fairly well. Of course, there are valves and the other parts in connection with that.

Q. Where have you got anything else?—A. I think that might better be come at from these documents here.

Q. I suppose this covers it practically?—A. Yes, sir.

Q. That covers it practically, does it not?—A. Yes, sir. One 15 inch resonator.

Q. 5-inch resonator?—A. \$36. That is the speaking part.

Q. That is the speaking part?—A. No. Let us understand. That speaking part is the diaphone, the resonator is——

Hon. Mr. CASSELS.—How much is that?

Mr. WATSON.—\$36, my lord.

Hon. Mr. CASSELS.—What else is there?

Mr. WATSON.—That does not attach to these 8 three inch diaphones complete.—A. Yes, but that is 5-inch.

Q. That includes the resonator, does it not?—A. No.

Q. There is no resonator with that?—A. No resonator with that.

Q. There is no resonator with that diaphone?—A. There is a quotation just made out to correspond all the way through very nearly with our prices.

Q. This is just one the other day?—A. Yes.

Q. I will keep that.—A. I have an older one, but cannot find it.

Q. Just keep that please, I prefer the books, you can have that.—A. All right. It agrees exactly with the old one.

Q. Then this was complete without any resonator?—A. Yes, sir.

Q. This was. And these diaphones were complete for use at \$85 each?—A. Without the resonator or the valve.

Q. They were complete for use?—A. As a diaphone.

Q. As a diaphone?—A. Yes.

Q. Then in the use of these would any resonator be required at all?—A. Oh yes.

Q. Eh?—A. Yes, sir.

Q. Did you make the resonators for these three inch diaphones?—A. Yes, sir.

Q. What was the cost of these resonators?—A. May I look at this?

Q. Certainly; but that is a letter recently prepared.—A. By my book-keeper from former cost.

Q. Let me see your books.—A. Well, that is a statement from the books.

Q. I would like to see the books, please.

Hon. Mr. CASSELS.—How much does it say the cost is?

Mr. WATSON.—I cannot accept that at all, my lord. Listen. What is the cost of the resonator for this three inch diaphone?—A. If I have reference to that I can tell you.

Q. This letter?—A. I cannot tell you from memory.

Q. We will have to have the books then. I cannot take evidence of that kind.—A. Well, there may be three inch resonators in here, I don't know. (Turns up book.) Here we are. One three inch resonator.

Q. One three inch resonator as per drawing, \$18. Now, you said something about a valve. Was it necessary to have any valve? I thought this was complete.—A. Well, as a diaphone it is complete, but not as——

Q. It was complete. What is the matter with it?—A. It takes a good many parts to make a complete machine.

Q. But you have it complete there.—A. This is a complete resonator.

Q. But I have before a complete resonator.—A. Yes, sir.

Q. Well, it would not be complete without the valve, would it?—A. Yes, sir.

Q. It would?—A. Yes, sir.

Q. Well then, what is the cost of the valve?—A. I cannot tell you that from memory.

Q. Look and see there, please.—A. I could do this much quicker if you will allow me to come at that statement there. It is absolutely correct.

Q. My dear sir, I cannot. Well, let us look at this letter, my learned friend refers me to one of the letters you produce.—A. No, sir, that is from the Canadian Fog Signal Company.

Q. That is to the Canadian Fog Signal Company, but this is from you, is it not?—A. Is it?

Q. It is a letter to the Canadian Fog Signal Company.—A. Their letter-head, that is what I don't understand.

Q. It is produced by you now?—A. Yes, is in connection with their correspondence with us.

Q. That is all right. This letter is written by you to them?—A. To us. They have copied it out of our letter book.

Q. 'To the Canadian Fog Signal Company, 37 Home Life Building, Toronto. Dear Sirs.—I hereby guarantee to deliver you on or before 15th of June next at my shop, 14 Court Street, City'—is that your shop?—A. Yes.

Q. This is you all right, 'finished in workmanlike manner 5 five-inch diaphones at \$150 each; 15 three-inch diaphones, \$122 each; 15 three-automatic valves with pipe flanges complete'—A. Those are the valves I have reference to.

Q. '\$50 each; 15 one and a half inch automatic valves complete, \$20 each; time devices, 24, \$50 each; 15 stands or brackets fitted complete, 1½ and 3 inch valves, \$5.50 each; 2 standard gauge rings and plugs for 3-inch diaphone, \$15 each; 2 standard gauge rings and plugs for 1½-inch diaphone, \$8 each; two standard gauge rings and plugs for 5-inch diaphone, \$20 each.' This is the whole plant, everything complete?—A. That is—

Q. Is this right, this is the whole plant, everything complete for use?—A. All the speaking part.

Hon. Mr. CASSELS.—Not the plant in the sense we understand as the plant?—A. We have nothing to do with the air compressing part.

Q. I understand that is where the difficulty comes.

By Mr. Watson:

Q. Did they accept this or reject it?—A. Yes, sir, that was accepted.

Q. That is the 15th of April, 1904. Well then, since then they have been getting a little better terms from you, according to your evidence here?—A. Yes. We had to get our tools and everything into the shop.

Q. So they have been cutting you down, you have not been getting as much since then?—A. No.

Q. Look at that \$85 please.—A. This?

Q. Look at that \$85, three-inch. Was that the one we had, the first entry there?—A. Here we are. That is \$85.

Q. Yes. So that on the 26th of April, 1906, you were producing to them the three inch diaphones at \$85 each, which on April the 15th, 1904, you had asked \$12 each for?—A. Yes.

Q. I see, that is the way it is. Well, they were cutting you down pretty well?—A. Well, of course, there was a reason for that. Our tools were in the shop. In justice to ourselves I think we ought to go into these things, and we are ready to offer an explanation of it.

Q. I do not think it is material.

By Hon. Mr. Cassels:

Q. I suppose it cost you more to build the first one, because you had to get special plant?—A. Yes.

Q. We understand that.

By Mr. Watson:

Q. So you were able to furnish them afterwards at cheaper prices?

By Hon. Mr. Cassels:

Q. Once they got the plant they could furnish them cheaper?—A. Yes.

By Mr. Watson:

Q. I suppose there was a proportionate decrease in each of these diaphones?—A. Yes, sir. We had to keep it down to manufacturers' prices.

Q. Manufacturers' prices?

Hon. Mr. CASSELS.—The very outside price would be \$150, and then it got lower.

Mr. WATSON.—The outside price of the three inch was \$122, and now it is \$85.

Hon. Mr. CASSELS.—Yes. If you add on the necessary addition it would come to \$150 each at the higher price.

Mr. WATSON.—Yes. And then there has been a proportionate decrease in each of the other items?—A. Of course, the timing device, that is a \$50 item.

Q. Now then, since the 26th of April, 1906, there has been a further proportionate decrease after another two years?—A. No, sir. This is an exact thing. If you will look—

Q. Yes, yes.—A. It is exactly what we are getting to-day.

Q. Well then—A. You will understand that these things are not made every week, or every month, but only occasionally.

Q. I know.

Hon. Mr. CASSELS.—The Government paid \$4,600 for what cost \$150 at the outset. That is the plain English of it?—A. I beg your pardon.

Q. I was speaking to Mr. Watson.

Mr. WATSON.—Now, we have got here other correspondence with the company. This is October the 20th, 1904. This is all for that year, Mr. Schofield.—A. Yes, sir.

Q. Have you got any since then?—A. Yes, sir, here it is right up to date.

Q. Would you mind leaving this with us for a few days?—A. Certainly not.

Q. Let me see the others, have you got them separate for the orders?—A. No, sir, just as we received them.

Q. I am afraid they will be mislaid, leaving them this way.—A. They are not of very great importance.

Q. They are not, eh?—A. No.

Q. 1907, you might want some record.—A. Of course, I would like to have them back as records, but if they got misplaced I can have them traced up again.

Q. Thank you very much. Then you have stated in a general way, and I have no doubt accurately from these figures now that the cost is.—A. Yes, sir. I would like—

Q. Just wait a moment please. What would you like to say, Mr. Schofield?—A. I would like to say something with regard to the prices of these things.

Q. The prices of which?—A. To my mind it is very deceiving. The fog signal—

Q. All we have got to ask you, Mr. Schofield, is in regard to these matters affecting yourself. It is not a matter of expert opinion about anything else.—A. But in machinery of this kind, it being so delicate, I would not be responsible for the in-

strument for one year in such hands as it has got to go through for the price. In justice to the price that is to be charged for these articles I would like to put it that way, in justice to those who are dealing with this thing, and knowing what I do that such instruments cannot be handled by ordinary men without doing considerable damage, and in view of the fact from one end right to the other it takes more expense to keep these things in shape than it does to produce them.

Q. Well, you are not apologizing for the great cost of them originally. We are not—A. The fog signal—

Q. Discussing—A. I do know they have made statements which would look very much—

Hon. Mr. CASSELS.—Mr. Schofield, you have nothing whatever to do with that. It is the government kept these things in order. If they went out of order they had to buy another one at \$4,600.

Mr. WATSON.—You mean the government should have expert men in charge of them. I have no doubt the government will appreciate that remark of yours?—A. No, sir.

Q. Thank you.

(File of documents *re* plant of diaphone marked Exhibit 437. File of letters of Canadian Fog-signal Company marked Exhibit 438.)

JAMES W. WOODS, sworn.

By Mr. Perron:

Q. Mr. Woods, you are manager of Woods, Limited, or the president?—A. Both president and manager.

Q. Now, you have your books?—A. Yes, sir.

Q. What books have you got here?—A. We have the ledger, cash-book and invoice-books.

Q. You have also your bank-book?—A. I have not got the bank-book, I have got the cheque-book.

Q. And stubs?—A. And stub-book.

Q. Well, you had better have those books. What business is carried on by Woods & Co.?—A. Manufacturers of lumbermen's and contractors' supplies.

Q. I presume, Mr. Woods, you are practically the company?—A. I beg your pardon? ..

Q. You are practically the company?—A. Yes, I am the largest shareholder of the company.

Q. A close corporation?—A. Practically.

Q. Wholesale or retail?—A. Wholesale, sir.

Q. Entirely wholesale?—A. Entirely wholesale.

Q. You have been doing quite a large business with the Department of Marine and Fisheries for the past three years?—A. Very little, sir.

Q. Very little?—A. Yes, sir.

Q. I suppose your business must be very large then?—A. The figures speak for themselves, sir.

Q. I see an account for 1904 of \$6,320.70. That is only one.—A. That is correct.

Q. You call that small, I suppose?—A. Unfortunately that is the only one of any magnitude.

Q. Well, to start with, it is something. This was on the 30th of July, 1904. Any tender asked for?—A. No, sir.

Q. No tender. You got the order and charged your prices?—A. We got the order and charged the regular prices.

Q. Your prices, no prices agreed beforehand?—A. No, sir.

Q. Had you been selling previous to that to the Department of Marine and Fisheries?—A. Very little, sir.

Q. Who gave you the order?—A. The order was sent down from the department to me, just a typewritten list of goods.

Q. Yes. Who took the order down to your place?—A. I could not tell you who took it down, whether it came by mail or who took it down. It reached our place just in that form as I tell you.

Q. Whom did you see in connection with this order?—A. I saw Commander Spain.

Q. He went down to your office frequently?—A. No, I went up to his office.

Q. You did?—A. Yes, sir.

Q. When was it, after receiving the order, or previous to it?—A. After having received the order.

Q. What did you go to his office for?—A. To ascertain for what purpose these goods were particularly required.

Q. And did he tell you?—A. He told me they were for the *Arctic*.

Q. Now, when you went to his office to get the explanation, you discussed the matter with him?—A. Discussed the requirements of the goods.

Q. The quality of the goods?—A. Yes, sir.

Q. Prices?—A. To a certain extent, sir.

Q. What do you mean, to a certain extent?—A. Because there were certain things which we had to create for that particular use.

Q. To create?—A. Create, that is the word. There were goods here used which you could not buy ready-made in any place in Canada.

Q. Is that what you call *Arctic* goods?—A. No, sir, they are all right.

Q. Those are not creations of yours?—A. No.

Q. I see you have charged *Arctic* goods. I thought they might be creations of yours. What did you create for that sole purpose?—A. Well, for instance, those shirts.

Q. Eh?—A. The ulsters.

Q. Shirts, where?—A. 40 camel hair shirts.

Q. Camel hair suits?—A. Shirts.

Q. Suits or shirts?—A. You have both.

Q. Which one is a creation?—A. The shirt.

Q. At \$2.50 each?—A. Yes.

Q. Those were not in the trade before, they have been established for the *Arctic*?—A. Yes.

Q. Now, what else did you create?—A. Ulsters, double lined ulsters with hoods at \$14 apiece.

Q. 14 ulsters?—A. Duck lined and hoods.

Mr. WATSON.—Duck lined, or lined for duck?

Mr. PERRON.—Where are they, Mr. Woods? \$14 a pair you say?—A. 14 ulsters duck lined.

Q. Anything else?—A. Those are the only special ones.

Q. Three items?—A. Specially designed.

Q. The balance of the order was for goods which you have been manufacturing ever since you have been in the trade?—A. Well, more or less.

Q. More or less you had them in stock?—A. No, we had to make them.

Q. But you had already made them before?—A. Yes, some.

Q. Well now, to come back to it. Do you say you were unable to state to Commander Spain what price you would charge for these creations?—A. Those particular lines I may not have stated definitely. The other lines I did quote.

Q. Mr. Woods, let us get to the facts. May or may not, won't help us. Did you fix the prices for the creations with Commander Spain?—A. No.

Q. You did not?—A. No.

Q. Why?—A. Because I was not in a position exactly to say what the cost was.

Q. Do you mean to tell me if a trader goes to your place to-morrow to get goods which you never manufactured before you won't be able to tell him what you are going to charge?—A. We might be able to, but unless there was particular reason to do so at once we would not do it.

Q. Have you found many customers buy from you without knowing what they are going to pay for the goods?—A. Many.

Q. Many customers in your line of business?—A. Many.

Q. They buy from you, and do not know what you are going to charge them?—

A. Yes.

Q. Do not inquire the prices, but leave that matter entirely in your hands?—

A. Yes.

Q. Absolutely?—A. Absolutely.

Q. You have many of them?—A. Yes.

Q. What line of business?—A. It is hardly—

Q. I do not want names, I want the line of business?—A. Some lumber business, some railway contracting business.

Q. You tell me now they go to your store, order goods, no price is mentioned, leave the matter entirely to you?—A. They do not always go to my store.

Q. They write you?—A. Letters, orders.

Q. Yes. I suppose the prices of these goods are well known?—A. Prices?

Q. Of standard goods?—A. The prices of the goods are regulated by the ordinary profits we get.

Q. That is not what I am asking you. Do I understand for goods not standard goods, the prices of which are well known, you get orders without stating what you are going to charge for the goods?—A. Many orders.

Q. From lumbermen and railway men?—A. And contractors.

Q. And you adopted the same system with the department?—A. Those lines I could not give.

Q. You stated to Commander Spain what you would charge?—A. I did not know the question of prices was raised by Commander Spain.

Q. That is what I want to know from you, Mr. Woods. I want to know whether or not the question of prices was discussed between you and Commander Spain.—
A. We did not give any prices on the tender, we were not asked to tender.

Q. I am not asking you about a tender.—A. That is the point.

Q. No, that is not the point. You told me you got an order from the department, and afterwards went to Commander Spain to find out what kind of goods you had to supply, that is what you told me?—A. Yes.

Q. What I want to know from you now is whether or not when you met Commander Spain you discussed the prices of the goods?—A. I would not be sure, but I would not say I did not.

Q. What is your impression, did you or did you not, what do you think yourself?—A. I think I gave prices on all our regular goods.

Q. Mr. Woods, will you try and tell me whether or not the prices were fixed between you and Commander Spain?—A. I don't think they were.

Q. Well, that settles it. That is what I wanted. Therefore after having received the explanation from Commander Spain you filled the order, shipped the goods, made your own price, and sent the account in?—A. That is correct.

Q. That is correct. An order of \$6,320.70?—A. Quite correct.

Q. Now, this is so much for this year, \$6,000 some odd, you never made any prices, were never asked for a tender, you charged your own prices, sent in your account, and got paid. What about other transactions with the department?—A. Well, I do not know what particular—you have the invoices—what particular items you refer to.

Q. All the other transactions Did it ever occur in your dealings with the department that they asked for prices?—A. Yes sir.

Q. They did sometimes?—A. Yes sir.

Q. Can you mention one item where they did?—A. Yes.

Q. Let us see. A small account I suppose?—A. It might be. Well, is it the next largest amount we received?

Q. You have your books.—A. It might be well——

Q. You have your books.—A. We have no large amount.

Q. Mr. Woods, please. I want to know from you whether or not for other goods tenders or prices were asked for. If you will answer this question, it will be very simple and easy to do so.—A. It is the Marine and Fisheries?

Q. The question I put to you is, I want to know whether or not you were asked for tenders or if tenders were asked, or if the same system was always followed with you, giving you orders, taking your prices, and paying you: that is what I want to know from you.—A. Here is one, sir, 26th of March.

Q. What year?—A. 1907.

Q. 1907, what is the amount?—A. Well——

Q. 1907. We do not want to go into 1907. What is the amount?—A. Well, 'I have the honour to inform you your tender'——

Q. What is the amount, please?—A. You have the invoice there.

Q. What does it amount to?—A. About \$150.

Q. \$150?—A. Yes.

Q. A tender was asked for that. Is that all now? The balance of your dealings with the department they gave you orders without fixing the price, you sent in your account, and got paid?—A. On the 8th of April we also tendered.

Q. I beg your pardon.—A. On the 8th of April we were asked to tender for some mattresses for the *Lady Grey*.

Q. What is the amount, very much?—A. No. That is the only big order we have

Q. \$40?—A. \$82, about.

Q. \$82?—A. About that.

Q. \$230 altogether, is that all?—A. That is all I have here in those years.

Q. You have no doubt that is all, those are the only goods for which prices were fixed beforehand?—A. That is all I have here

Q. And you have no doubt that is all for which prices were ever fixed. Now, your ledger shows that you have sold to the department since 1904, \$11,492 worth say \$11,500, is that all, did you sell more than that?—A. The ledger will show, sir.

Q. It is carried over, I think?—A. That is subsequent.

Q. You are right, \$11,492. And outside of \$230 worth, according to your own statement for the balance you never asked for tenders, prices were never fixed, you sent in your account, and got paid?—A. In some cases, we did.

Q. Yes. Well now, did you have much trouble with your accounts with the department?—A. We never had any trouble, sir.

Q. You never had any trouble. They went through without the slightest trouble?—A. As all accounts do in our business.

Q. Any reduction made?—A. None whatever.

Q. Did you give discounts to the department?—A. Not—no, those prices were net.

Q. Oh, they were net prices, yes. They seem to be rather net prices, never any discount?—A. When the prices were quoted net they did not get any discount.

Q. I am asking as a matter of fact whether the Department of Marine and Fisheries ever got discount from you?—A. The Department of Marine and Fisheries I want again to state got the lowest wholesale prices.

Q. That is not what I am asking you.—A. That is the question you are asking me.

Q. No, not at all. I am asking you a very simple question. I am asking you whether or not the Department of Marine and Fisheries ever got discounts from you.—A. Where entitled to they got them, where not, they did not.

Q. Let me see, where were they entitled to them? Well, as a matter of fact, Mr. Woods, you know that never a cent of discount was granted to the Department of Marine and Fisheries?—A. What do you mean by that?

Q. Discount. I thought it was a well-known thing. Don't you know what discount is?—A. Why do you make a statement that the government were entitled to a discount?

Q. I am not saying that. I am asking whether or not they were given discount?—A. We always gave the department net prices.

Q. Answer the question. I am asking you whether or not discounts were given to the department?—A. Do you mean trade discounts or cash.

Q. Any discount, trade or cash.

Hon. Mr. CASSELS.—Any allowance?—A. No, your honour. Your honour—

Mr. PERRON.—That is all, Mr. Woods, you have answered the question.

Hon. Mr. CASSELS.—Your answer is you were selling net cash?—A. Yes.

By Mr. Perron:

Q. I am not asking for anything further with reference to it. Now, the ledger which is now before us is what you call a private ledger?—A. Yes.

Q. You have a general ledger, I presume?—A. Yes.

Q. I should like to see it?—A. The general ledger does not deal with it, those are private accounts.

Q. I want to see the general ledger.—A. There are no accounts.

Q. We want to see.—A. We will give you all the information.

Q. We cannot let you off easy.—A. We do not want to be. I am here to tell the truth.

Q. Get the general ledger.—A. That private ledger, I might say, is for all special accounts, all government accounts and special accounts.

Q. We got all the books from other people.—A. The cash-book is there.

Q. But we want the general ledger, you know.—A. You won't get any accounts of the Marine and Fisheries in the general ledger.

Q. We never know until we see it.—A. I beg your pardon. I say so.

Q. I take your statement in so far as the Marine and Fisheries is concerned. Have you got any objection to give me the names of your directors and shareholders?—A. None at all.

Q. If you have—A. None whatever. The shareholders do you mean at the time you are dealing with, or now?

Q. 1904-5, 1905-6, 1906-7?—A. The shareholders at that time, myself, and the directors necessary to enable me to get the charter, Mr. Shirley Ogilvie, James Mather, Ernest Linton, secretary-treasurer.

Q. Your book-keeper, I presume?—A. Yes, the gentleman, who is here now.

Q. Yes?—A. And Mr. John Carroll, W. J. White, K.C., Montreal, who took the charter out. Each of them had the use of one share to qualify.

Q. Have you in your ledger a special account?—A. That is my own account.

Q. Outside of your own personal account is there in the ledger a general special account?—A. No, sir.

Q. Or a special account of any kind?—A. None whatever.

Q. Or is there any account not in the index?—A. No, sir, none whatever. All the special accounts are in the index.

Q. Is there only one special account, your own?—A. That is all.

Q. And all the accounts are indexed?—A. They are all indexed, sir.

Q. Any charge in this ledger would appear in the index, that is, would be under some name in the index?—A. Exactly, except—not the details, I mean my special account.

Q. I am not talking about that. Is there any charge in this ledger which would be in this ledger but not traced by the index?—A. None whatever.

Hon. Mr. CASSELS.—I hardly think you could take that special account and say which item of expenditure—

A. No, that is all included in the special account, there are not any expenditures which are not in that special account.

Q. The details of the special account would not be in there?—A. No.

Mr. PERRON.—What I mean is, is there any account here which could not be traced by looking at the index?—A. No.

Q. Now, all the transactions which have taken place between you and other people, are they entered in that ledger under the names of those people?—A. Yes.

Q. Transactions of any kind, any nature?—A. Any kind.

Q. Are they entered in the ledger under any special heading, or their names?—A. If I buy groceries in any month it is charged to my private account, the man's name is not entered, I pay cash. Is that what you mean? They are all in that private account.

Q. What do you get in it?

Hon. Mr. CASSELS.—What he means is, if any payments are made to anybody, they appear in the special account, but if dealing with any outsiders the names would appear in the index?—A. That is right, your honour.

By Mr. Perron:

Q. Have you any petty cash book?—A. No petty cash.

Q. Where do all the payments go?—A. Through those books.

Q. The cash-book?—A. Everything. Everything is right in the cash-book.

Q. And the payments which must be traced, how are they entered in your books?

—A. I don't know what you mean.

Q. You don't know what I mean?—A. Must not be traced?

Q. They are not?—A. I don't know what you mean, 'should not be traced.'

Q. Are all the entries in your book carried to your ledger?—A. They are carried *en bloc* at the end of each month. There you are sir. (Indicating).

Q. I know it is right there, but it will take quite a long time to go over all these, you know. Well, is there in this ledger an account, other than your own account, which contains transactions, special transactions of any kind?—A. None.

Q. You are positive of that?—A. Absolutely.

Q. Well now, did you ever transact business with Commander Spain?—A. That is the only dealing we ever had. I don't think I ever spoke to Colonel Spain except then.

Q. Or since?—A. Nor since.

Q. Not any transactions whatever with him?—A. If there are they appear in this book.

Q. Will you let me see them?—A. Mr. Linton, you can show if any transactions have taken place with Commander Spain. I have never had any transactions with Commander Spain.

Q. Some one on your behalf?—A. No one on my behalf.

Q. Is his name on the books?

Mr. LINTON.—No, sir.

Mr. PERRON.—Have there been any transactions with him not entered in the books in his own name, but in somebody else's name?

Mr. LINTON.—No, sir.

By Mr. Perron :

Q. Well now, you said if transactions took place between Commander Spain and you, or some one in your behalf, that they would be in the books. Let me see them.—
A. There are not any, I tell you that is the only transaction I ever had with Commander Spain.

Q. I am not talking about transactions with him as an officer of the department. I mean personal transactions.—A. I am speaking of Commander Spain, as a Canadian, as an individual. He never had any transactions with me other than what I told you, nor I with him.

Q. Did he get the goods from your place?—A. Never.

Q. Did you loan him money?—A. I never loaned him money, he never asked me.

Q. Well, did you loan him money?—A. I never lent him money.

Q. I am not asking whether he asked you, I am asking whether you did loan him money.—A. I answered that.

Q. Yes. Made gifts to him?—A. Never.

Q. No benefit of any kind?—A. Never.

Q. Any other official than Commander Spain, any of the employees of the department?—A. Never. You are speaking of gifts now, are you not?

Q. Anything at all.—A. Ask your question, and I will answer it.

Q. Oh. Well, take the same set of questions which I have put to you now, tell me, will any of those questions apply to any of the members of the staff?—A. Not so far as doing business is concerned.

Q. What is it?—A. Ask your question.

Q. No. Please tell me what transactions did you have with any one of the employees of the department?—A. I could not tell you. The books will show that we have sold goods to some members of the Marine and Fisheries.

Q. What?—A. We have sold goods to Colonel Gourdeau.

Q. Let me see his account.—A. It is in the other ledger.

Q. We will stop. Please get your books, Mr. Woods, and we will close your examination.

Hon. Mr. CASSELS.—It is only private accounts of the officials we are investigating.

Mr. WATSON.—Bring up all your books, please.—A. Yes, Mr. Watson, with ease.

PATRICK HENRY MURPHY, sworn.

By Mr. Perron :

Q. Mr. Murphy, you are a member of the firm called the Victoria Foundry Company?—A. Yes, sir, Victoria.

Q. The sole member of the firm?—A. No, sir; I have a partner.

Q. It is a commercial partnership, not a joint stock company?—A. Yes, sir.

Q. It is a commercial partnership?—A. Yes, sir.

Q. Composed of you and who?—A. Andrew Imlach, my partner, and myself.

Q. Well, Murphy, how long has this firm been in existence?—A. The Victoria Foundry, sir, about 60 years.

Q. You have not been 60 years in it.—A. Not quite, sir.

Q. Well, how long have you been in the business?—A. Since 1893.

Q. What is the business of the firm?—A. Machine shop, foundry, pattern shop, blacksmith shop.

Q. You have your office in Ottawa here?—A. Yes, sir.

Q. In the City of Ottawa?—A. Yes, sir.

Q. Now, when did you start doing business with the Department of Marine and Fisheries?—A. We tendered in open competition in 1899 or '98, I am not sure.

Q. You are pleased to tell me that you tendered in open competition in 1899?—

A. Well, we did.

Q. Was that the first time you did business with them?—A. Yes, sir.

Q. You say it was in 1899?—A. Yes, sir.

Q. And you tell me now the first time you did business with them was in public competition?—A. Yes, sir.

Q. I do not presume this thing went on forever?—A. What is that, sir?

Q. Public tenders?—A. Prices.

Q. No. You say you got a contract in 1899 after public competition?—A. Yes, sir.

Q. And afterwards?—A. The same prices have prevailed afterwards.

Q. Yes, but any public competition?—A. No, not that I know of.

Q. That was only for the start?—A. Yes, sir. For a number of years, I forget the number of years we tendered.

Q. What was the contract for?—A. 10-foot lanterns and some 7-foot lanterns.

Q. Tenders for lanterns, yes. I see that on the 20th March, 1899, Colonel Anderson made a memorandum approving of your tender, and I also see that in the same year Messrs. English & Sons had tendered for lanterns, and you got the contract as being the lowest tenderers?—A. Yes, sir.

Q. And you tell me now that since then no tenders have been asked for?—A. Not that I am aware of.

Q. And you got the contracts?—A. Yes, sir.

Q. Well now, you have your books here?—A. Yes, sir.

Q. What books have you got?—A. I have got them all, I think.

Q. Will you let me see them?—A. Yes.

Q. Now then, what was the amount of the first tender, the first contract that you had with this department after tender being asked for?—A. \$900 I believe, sir, for the ten-foot lanterns and \$300 for the 7-foot lanterns.

Q. That would be \$1,200 altogether?—A. Yes.

Q. I see by your books that from 1904 to 1907 you sold to the department nearly \$20,000, \$19,527.47?—A. In that neighbourhood.

Q. About \$20,000 in round figures?—A. Yes.

Q. And out of this \$20,000 tenders were asked to your knowledge for \$900 or \$1,200?—A. No, sir.

Q. That is what I understand from you?—A. No, sir.

Q. Am I mistaken?—A. Yes, sir. Probably if I explain I might start you right.

Hon. Mr. CASSELS.—The price for the ten-foot lanterns was \$900 and for the seven-foot, \$300.

Mr. PERRON.—\$1,200 for which tenders had been asked for, and I have been asking him if ever since public tenders have been called for. He told me 'No.'

Hon. Mr. CASSELS.—He has not stated what the amount of the first tender was.

Mr. PERRON.—I beg your pardon, Mr. Murphy. I thought the only amount tendered for was \$1,200?—A. No, sir.

Q. What was it then?—A. Well, the tender, as I remember it, ran over a certain number of years, whatever number of lanterns they would require.

Q. Now, I have the tender before me, I have the memorandum of Colonel Anderson before me.—A. Have you got a copy of the specification?

Q. I have the memorandum, 'I recommend the acceptance of the tender of the Victoria Foundry Company for the ten-foot lanterns, it being the cheapest. I recommend that Messrs. English & Sons be asked if they will accept tenders for the 7-foot without the 10-foot lanterns, and if so, I think it fair they receive the contract therefor as they are the lowest, otherwise I recommend that it also be given to the Victoria Foundry Company. I may say that it will be very much to the advantage of the department to have these lanterns made in Ottawa, as they require strict supervision during and after construction to see the parts are properly fitted together, and that

the whole lantern is in accordance with the specification. W. P. A.' This is the memorandum upon which your first contract was made. Now, this was for how many years, do you say? Your tender does not specify that. Do you mean to tell me now that this tender was to be forever?—A. No, sir, there was a limited time in the specification.

Q. What was the limited time?—A. I don't remember now, sir, it was for 3 or 5 years.

Q. Well, we will try and find out. I have before me the specifications now from the file of the department, and there is no question of period. You were to make so many lanterns. Here they are.—A. The number of lanterns?

Q. Yes, that is all. And I see that the whole contract amounted to \$1,600. Is that it? The first contract you got after having tendered?—A. Was there not a certain number of ten-foot lanterns asked for?

Q. Here it is, if you care to look at it.—A. Four 10-foot and three 7-foot lanterns, each of size required at once.'

Q. Well, the total amount would be at most \$3,000?—A. Total 10 ten-foot lanterns, \$3,600, and 3 seven-foot, \$900, \$4,500.

Q. \$5,000 at the utmost?—A. Yes, sir.

Q. Now, with regard to that, out of the \$20,000 which you have sold to the department during those three years you had tendered, or public tenders had been asked for about \$5,000 worth?—A. Yes, sir.

Q. That is it. Now, we agree on these figures, don't we?—A. Yes, sir.

Q. Now, Mr. Murphy, do you tell me that ever since 1899 you have been getting from the Department of Marine and Fisheries the same prices that you had obtained in 1899?—A. Yes, sir.

Q. Exactly the same prices?—A. Yes, sir for the same amount of work.

Q. Yes, for the same class of goods?—A. The same amount of work, yes.

Q. Well, now, I presume you must have been making quite a lot of money out of those goods, having the privilege of supplying goods without public competition for the last 6 or 7 years, large profits?—A. No, sir.

Q. Not large profits?—A. No, sir.

Q. Well, sometimes you know a man does not consider profits when they may be very large, it depends on the individual?—A. Well, when we tendered—

Q. Fifty per cent?—A. No, sir, not the half of it. When we figured on the work, Mr. Perron we were paying our men \$1.75 to \$2 a day. Wages have advanced 37½ per cent since that time. We have never increased the price of the lanterns a dollars.

Q. But of course, your men got better skilled, and you have always been manufacturing these goods since 1899?—A. Yes, and more modern machinery.

Q. And no doubt they have been quite skilled?—A. Yes.

Q. And the cost must have decreased considerably?—A. Yes.

Q. Therefore the profit has increased in proportion?—A. We don't make any money out of them.

Q. No public tender, no money in them?—A. No. With a new job you have always got to supply a certain amount of tools and appliances to do the job with, and they have got to be charged up against the job in your general work.

Q. Well now, do you mean to tell me now that you did not get 50 per cent profit on the last order?—A. No sir.

Q. 40 per cent?—A. No sir.

Q. 30 per cent?—A. No sir.

Q. 25 per cent?—A. No sir.

Q. Well now, can I go lower than that?—A. You can with safety.

Q. With safety?—A. With safety.

Q. 20 per cent?—A. Well, I think, the profit, Mr. Perron, would get down to somewhere between 10 and 15 per cent.

Q. You pledge your oath to that?—A. Yes, sir.

Q. That on all these orders for which no tenders were asked you got between 10 and 15 per cent?—A. Yes sir.

Q. That is all you got Well, now, will you let me see in your books where I shall find the name of any official of the department?—A. I cannot do it. We haven't one in the book anywhere.

Q. Don't they put their names in the books?—A. We never had occasion to.

Q. Well, now, do you not sell goods to Colonel Gourdeau?—A. No sir.

Q. Mr. J. F. Fraser?—A. No sir.

Q. Who was the employee with whom you had the most to do?—A. Colonel Anderson, Mr. B. H. Fraser, Mr. J. F. Fraser and Mr. W. H. Noble.

Q. And Mr. W. H. Noble. And you cannot indicate to me where I shall find the name of one of these gentlemen in the books here?—A. Not a solitary one, sir.

Q. How did you fix it?—A. We did not have to fix it.

Q. Now, do you pledge your oath, Mr. Murphy, to the fact that you never directly or indirectly gave a loan or payment or any benefit whatever to anyone of the officials of the department?—A. Not a solitary one, sir.

Q. No benefit, no gratuity of any kind, or nature whatever?—A. No sir.

Hon. Mr. Cassels:

Q. What are those lanterns?—A. Lighthouses, my lord.

Mr. PERRON.—That is all, Mr. Murphy.

Mr. WATSON.—Is Mr. Owen here? I do not want to open any new branch this evening, my lord, being Saturday evening. I would like your lordship to wait a few minutes until Mr. Woods' books come. Perhaps your lordship would not mind waiting two or three minutes while his books get here.

Mr. GODFREY.—There was evidence given at Halifax relative to some buoys down there. I want to put Mr. McPhail in to prove a précis of the different files.

Mr. WATSON.—I prefer taking charge of that myself.

Mr. GODFREY.—I will let Mr. Watson have it.

Mr. WATSON.—Thank you. That is all I want to know.

Mr. GODFREY.—If Mr. Watson will undertake to see that gets into the evidence.

Mr. WATSON.—We are going into the matter.

Hon. Mr. CASSELS.—You may be certain those buoys will be brought up again.

E. THOMSON SCHMIDT, sworn.

By Mr. Watson:

Q. Mr. Schmidt, you have before this given your evidence to his lordship at Quebec and at Halifax?—A. Yes sir.

Q. And we find that you were in superintendence to a considerable extent of the work done by the Polson Ironworks Company at Toronto?—A. Yes.

Q. What other official was associated with you there in such superintendence.—A. No one, sir.

Q. By yourself all alone?—A. All alone, yes, sir.

Q. What money—

Hon. Mr. WATSON.—'Gratuity' was the term used.

Mr. WATSON.—Gratuity.

Q. Well, when did you first get any money from Mr. Polson, or from his firm?—A. I never got a cent from Mr. Polson or his firm in connection with any work of the department.

Q. Never mind work. When did you first get any money from him under any circumstances?—A. I never received any money from Mr. Polson in connection with any work done for the Department of Marine and Fisheries.

Q. I know. That is what you said a minute ago in connection with that work?

—A. Yes.

Q. But you did receive some money from him?—A. Yes, sir.

Q. And what was the date you received it, about?—A. I cannot tell. It would be in the winter, after the *Aberdeen* repairs were executed.

Q. Oh, I see, after the *Aberdeen* repairs were executed?—A. Yes. But—

Q. I will give you an opportunity to explain later on. I am going to ask you some more questions. You had certified to the account of the Polson Company?—

A. Oh, yes.

Q. Certified to all their accounts?—A. All their work was done by tenders, by contracts.

Q. Not all of it, not as we have heard from them.—A. Well—

Q. The greater part of it was?—A. Yes.

Q. Then, of course, it had to be certified that the materials were proper, good quality, and the work properly executed?—A. Yes, that was done before the vessel left Toronto.

Q. Certainly, but was that done before they received the money?—A. I don't know. They had received some then, some payments had been made.

Q. Some on account. Now, you say it was after that certificate had been given that you received money under some circumstances from Mr. Polson?—A. Yes, sir. I was—

Q. What was the date you received the money?—A. I cannot tell you, sir.

Q. What year?—A. It was the winter after the *Aberdeen* was repaired.

Q. What year was that?—A. That would be the winter, the early winter of 1906.

Q. The early winter of 1906?—A. Yes, sir.

Q. You mean 1905 and 6?—A. No, 1906.

Q. That is January or February, 1906?—A. Some time there.

Q. That is the winter of 1905-6. Then how much did you receive from him?

—A. \$360, I think.

Q. \$360?—A. Yes, sir.

Q. At that time?—A. Yes, sir.

Q. Did you ask him for it?—A. No, sir.

Q. You didn't ask him for it?—A. It was an account—

Q. Did he give it to you without asking?—A. No. It was an account I rendered to him for a valuation I made, or a report as to the possibility of establishing a ship repairing works on the Carriere-Laine property at Lévis, Quebec.

Q. What is that?—A. It was for a valuation or report I made as to the possibilities of establishing a ship-repairing works on the Carriere-Laine property at Lévis, Quebec. I valued the property and gave a report on the possibilities.

Q. Well, please. When did he ask you to do that for him?—A. Well, he asked me—

Q. Some time before?—A. No. He asked me about the property, and I told him when I had an early opportunity I would look it over, and he asked me to do it without letting other people know, as Toronto capital would likely be invested there.

Q. So that during the time you were superintending the departmental work you were having some personal business relations with him in this respect?—A. No, sir.

Q. In this respect, in this way?—A. He asked me several times, he was remodelling his shop and wanted to know how the Carriere-Laine property would suit.

Q. And it was understood he was to pay you?—A. No, not at the time, the subject of payment was never discussed.

Q. Never discussed?—A. No, sir.

Q. Then, what did you do for him?—A. I did nothing for him except write a long report and put a figure on the property, which I am willing for you to have if you like.

Q. I do not want the report. Was that all you did, write a report?—A. That is all I did.

Q. You had knowledge upon which you could write that report?—A. Yes, I was in full possession of the facts.

Q. So it involved your sitting down and writing out to him a memorandum of facts within your own knowledge?—A. Yes, sir.

Q. And you did that for him?—A. Yes, sir.

Q. And he paid you \$350?—A. \$360. I cannot remember the exact date. I consulted another engineer.

Q. And did you fix the price? That is nearly a dollar a day for a year.—A. I consulted another consulting engineer, and he advised me to charge him \$500.

Q. Did he?—A. Yes.

Q. I mean how did you fix the price between you and Mr. Polson?—A. We never discussed it, not a word.

Q. The other engineer does not come in it.—A. You asked me how I arrived at the amount.

Q. How did Mr. Polson arrive at the amount?—A. I don't know. I don't know whether he was ever satisfied or not.

Q. Then how did he happen to pay the amount?—A. I don't know. I thought probably he thought it was a very reasonable account for the amount of work involved.

Q. Did you render an account?—A. Yes.

Q. How much?—A. I rendered an account for \$360 as well as I can remember.

Q. You rendered him the account?—A. Yes.

Q. I asked you how you happened to fix the amount. I thought you said you did not know how.—A. I don't know whether he was satisfied with it. It was only after consultation with another engineer.

Q. I see. So you rendered him an account for that report at \$360?—A. Yes, sir.

Q. And then he gave you a cheque for it?—A. I think he sent me a draft.

Q. Or was it cash?—A. No, a draft or cheque. He sent it to me in Halifax.

Q. Your name does not appear in connection with that item in the books.—A. It is possible it might have come from England.

Q. The money might have come from England?—A. I mean by that, Mr. Polson was the agent at that time of Thornycroft.

Q. Never mind about might be's.—A. I must tell you. He told me Thornycrofts were giving up their yard in the Thames and probably going to Scotland, and Mr. Thornycroft had spoken of the possibility of starting to make internal combustion engines in Canada, and I don't know whether it was the Thornycroft Marshall Company, or the Polson Company, for whom Mr. Polson was acting.

Q. I see. Now, you have the idea that it may have struck us as peculiar that you did not apply to any of your friends in Halifax for money. That is what you have said?—A. Yes, sir.

Q. When you were so badly in need of some, and that your reason for this was that you did not want anybody near home to know?—A. Yes, sir.

Q. That is it?—A. That is right.

Q. That is your statement. And that is the reason why you did not apply to anyone in Halifax, that is among people there with whom the Department were dealing?—A. You will find, the book-keeper will find I always pay all my bills in Halifax.

Q. Toronto is a long way from Halifax, so there would not be the same difficulty there. On how many other occasions did you apply to Mr. Polson of the Polson Company for money?—A. Never, sir.

Q. What?—A. Never, sir, I never did that.

Q. But, Mr. Schmidt, you said at Quebec that it was the rule, the universal rule, I thought that was your expression?—A. I wish to correct that.

Q. That engineers and gentlemen in your position should be paid some compensation or remuneration by those with whom transactions were taking place.—A. Well, that was when you mentioned that it was.

Q. That is when you mentioned it.—A. When you mentioned the other day, I see where I made the mistake. I meant to say all the world over it was common for certain firms to make such gratuities; I did not mean to apply it universally.

Q. They are not all so generous you mean?—A. I do not mean that. That is the statement I wish to correct. That is all I wish to say to correct it.

Q. They are not all so generous?—A. I don't know how you put it.

Q. But in your own position you said you had found it common with yourself, for instance, in regard to Mr. Drolet, in that case and the other cases?—A. Yes. No other cases.

Q. Yes, there were some others. Now then, having received money in that way from Mr. Drolet, how does it come that you did not receive money from the Polson Company with whom you did quite as much work for the department?—A. I cannot tell, Mr. Watson. I am here on oath before the judge and God, and I tell you I received nothing.

Q. Everybody knows you are under oath.—A. That should be sufficient. I cannot—

Q. Wait, please. You cannot tell. Do you mean to say you cannot tell why you did not receive money from them?—A. You have looked through the files, I think—

Q. Just wait. Did they ever offer you any money?—A. No, sir; never any such thing mentioned.

Q. And you never asked for it?—A. I never did. If you look through the files—

Q. Listen. Do not talk so much. Just answer the question. You knew others were paying you from time to time, or you must have had that in mind?—A. No, sir I never bore it in mind in any case.

Q. You did not have it in mind?—A. In any case.

Q. And your statement is that from that gentleman you did not receive any money except on that one occasion spoken of, is that right?—A. Yes. And—

Q. Wait, please. That is right. Now, you have heard about that propeller, and condenser?—A. I heard that, the *Aberdeen*, sir.

Q. I have not finished my question. And the stokers, and was it you who gave the information to Mr. Stevens? Mr. Stevens gave his evidence at Halifax, you heard that?—A. Can I speak of that?

Q. Was it you gave the information to Mr. Stevens?—A. What information, about the propeller?

Q. Yes.—A. No, that was the first I ever heard of it, sir.

Q. You did not give him the information?—A. I never heard of it until—

Q. Do you know from whom he received the information?—A. We had a heated argument—

Q. Just answer the question, please.—A. No, he refused to tell.

Q. You do not know from whom he received the information?—A. No. All he would tell me was it was an officer in Ottawa.

Q. He did not tell you who it was?—A. I asked him before I came up here. I said, 'Stevens I am coming up here if you know tell me.' He said, 'An officer in Ottawa.'

Q. Do you yourself know whether a condenser was built and placed?—A. Oh, no. The condenser—

Q. Just answer the question.—A. No, sir.

Q. You do not know?—A. No.

Q. Do you know whether a condenser was charged and paid for?—A. I am sure it was not.

Q. Sure of what?—A. I am sure it was not charged. That condenser is a large part of the engine.

Q. I did not ask you that. I did not ask you how large it is. Was it paid for?—A. No, sir.

Q. Charged for?—A. For a slight overhaul.

Q. Then there was a charge made for the overhauling of the condenser, is that right—A. I think a slight charge for treating, or something like that.

Q. On that occasion by Polson's?—A. Yes.

Q. How much was charged, eight or nine hundred dollars?—A. No, it would not take half a day. It was in the general overhaul of the engine.

Q. Listen. Have you any personal recollection of the matter?—A. No, sir, I have not at the present moment.

Q. Have you any personal recollection about the condenser?—A. No, sir, other than I know it was tested while at the Polson Iron Works.

Q. How much was charged for that?—A. Oh, it would not take a day's labour.

Q. I did not ask you that. Do you know how much was charged?—A. It went in the general overhaul.

Q. I did not ask you that?—A. I cannot answer the question.

Q. You can say whether you know how much was charged for it?—A. I do not know.

Q. Then there were some repairs to the side of the ship, the *Aberdeen*?—A. No, sir.

Q. Were there any charges made for such repairs?—A. Not to my knowledge.

Q. Will you say there were or there were not?—A. I can only swear by the bill I have here, I have an extract of the bill.

Q. Let me see the bill?—A. Here is an extract.

Q. Never mind. Do not talk so much?—A. I want to explain.

Q. Just separate the bill from the correspondence, and let me have the bill. If that is not the bill I do not want it?—A. I can give you a statement.

Q. That is not the bill?—A. This is what—

Q. That is some statement written out by you. I want the bill, the original account from the Polson Ironworks Company. Have you got that?—A. No, sir. Pardon me—

Q. That will do, sir.

J. W. WOODS, recalled.

By Mr. Perron:

Q. Did you get your ledger, Mr. Woods?—A. There it is, Mr. Perron.

Q. Colonel Gourdeau's account. When does this account start? Brought forward \$79.17?—A. It has run along since 1903.

Q. This account has been running along since 1903?—A. Since 1903 right along through 1904-5 and 6.

Q. 7 and 8?—A. 7 and 8, yes.

Q. Well, you left it open without getting a cent of cash for five years?—A. Well, there is the previous ledger.

Q. The ledger will show that. The ledger here shows that the first payment was on the 26th of August, 1908, \$39.50, and the last payment on September the 23rd, I think?—A. Yes.

Q. \$39.50?—A. That is where it starts.

Q. Now, are you showing me your previous ledger which shows the account started on January the 8th, 1904?—A. Yes.

Q. And went on, the last sale was in July, 1904, is that it, Mr. Woods?—A. I think that is it.

Q. The last sale was in July, 1904, yes, \$24.67, \$14, \$11.50, \$29. So on the 22nd July, 1904, the Colonel owed you \$79.17?—A. That is right.

Q. And from 1904 July until September, 1908, nothing was paid on account?—A. I do not think there was any just according to the date.

Q. Well, according to your books nothing was paid on account?—A. That is right, sir.

Q. Your clients are very well treated in your establishment?—A. Yes.

Q. They are not called upon to pay very often, it seems to me it is their own way, they pay when they want to?—A. The statements are rendered monthly, sir.

Q. Yes, I understand that. But you rendered them a statement, if they did not pay, you let them suit themselves, you did not bother about that, that is the way your business is conducted I presume?—A. We got—

Q. Your clients pay when they feel like it?—A. Not always.

Q. Some of them are forced to pay?—A. Yes.

Q. And some are not?—A. All are forced to pay eventually.

Q. For two years after the account is rendered?—A. Four years.

Q. Is that the whole length, five years?—A. Four years.

Q. Four years?—A. In fact we have some people eight years I think who have never paid us. It is not our fault.

Q. You do not expect they will pay?—A. Generally speaking we can advertise you are giving four years' credit to your customers?—A. I am afraid not.

Q. Well, Colonel Gourdeau had the privilege of your store?—A. Together with others, yes.

Q. Yes. In the meantime you got orders from the Marine and Fisheries Department from 1904?—A. No, it was before that.

Q. Yes. But ever since accounts have passed without the slightest trouble, no discount, no reduction, and payments quick?—A. The prices were always right.

Q. That is the story. Now, outside of this account of Colonel Gourdeau's have you got another one?—A. No, sir.

Q. Eh?—A. No, sir.

Q. Oh, he was the only privileged one?—A. He was the only one we had any accounts with.

Q. No other employees?—A. No, sir.

Q. You pledge your oath to that?—A. Yes, sir.

Q. I need not go over that.—A. You can go over it if you like, sir.

Q. Perhaps, Mr. Woods, as a matter of record you would tell us how it happened Colonel Gourdeau paid in this year in the months of August and September?—A. I suppose that continually getting statements he probably found he had to pay. He paid it in two amounts.

Q. There is the probably. I do not like that very much, it leaves the door open to a whole lot of things.—A. I cannot speak for Mr. Gourdeau.

Q. You cannot say why he happened to pay this year?—A. No, sir.

Q. I see.

Mr. WATSON.—This Commission was pending.—A. Possibly, I don't know.

By Mr. Perron:

Q. You heard of the Commission before?—A. We got the money anyway.

Q. Now, what about Mr. J. F. Fraser?—A. I don't think there are any accounts with Mr. Fraser.

Q. You don't think?—A. If there are you will look through the books and see.

Q. I would rather have you look through. I see there are ten or fifteen Frasers, Which is the good one?—A. I hope they are all good, sir.

Q. I do not see any of the officials.

Mr. WATSON.—They are all Frasers.

Mr. PERRON.—Well now, Mr. Woods, you swear that I will not find in your books any other name of an official but Colonel Gourdeau?—A. That is all, sir.

Q. Had you any other transactions, any business of any kind or nature with anyone of them?—A. Never.

Q. You never had any account with anyone of them?—A. Never.

Q. No payment of any kind to anyone of them?—A. Never.

Q. Except always the one account for four years with Colonel Gourdeau?—A. That is all.

Q. Nothing to Commander Spain?—A. Nothing whatever.

Q. No benefit, nothing at all?—A. Absolutely nothing.

Q. That is all.

(Adjourned at 4.45 p.m. to 10 a.m. Monday, December 20th).

OTTAWA, December 21, 1908.

Proceeding resumed at 10 a.m.

Mr. WATSON.—Then I desire to put on record and on file the correspondence relating to the piers in Lake St. Peter. They were not put in. I will file the full record as given to me. I assume it is complete. (Exhibit 439.) As a matter of official record affecting the attendance and expenses of one of the officials, Commander Spain, I should like to put the evidence in now, so that Mr. Spain may have a full opportunity afterwards to explain any matters that may be necessary for explanation. I have a few questions to ask the auditor general, Mr. Fraser.

JOHN FRASER, sworn.

By Mr. Watson:

Q. On the former occasion, or rather, on the occasion of the former sitting with his lordship of the commission at Ottawa, some evidence was given by you with regard to matters affecting the official Commander Spain and his attendance and his expenses, and in connection with that it was shown that heretofore, and on one occasion, there was a refund of a sum of between \$800 and \$900, as I recollect it, an excessive amount paid to him afterwards refunded. I observe upon the file which is handed to me that on the 15th January, 1908, Commander Spain wrote you a letter as follows:—

‘My Dear Mr. Fraser: The Deputy Minister of Marine and Fisheries informs me’—I assume there is nothing personal about this? It is on file?—A. No.

Q. ‘The Deputy Minister of Marine and Fisheries informs me that he has returned two amended accounts to you with an explanation and a refund to the receiver general, and also with a letter that it was satisfactory to him now. I trust that they will now meet with your approval. I feel the whole matter keenly: it is beyond me to tell you how much: Commander Spain.’ You received that?—A. Yes.

Q. Then there is a memorandum which purports to be a declaration by Mr. Spain, before Mr. Gourdeau, 2nd January, 1905.

Hon. Mr. JUSTICE CASSELS.—That is the original, the one Captain Spain referred to.

Mr. WATSON.—Yes, I put it in because Commander Spain referred to it. Then the next in this file is a letter of the auditor general, June 24th, 1907, to the deputy minister: ‘I think you told me about a year ago that you informed Commander Spain that it would be necessary for him to give you a memorandum whenever he proposed to leave Ottawa on government business,’ &c. ‘For the purpose of checking his account of travelling expenses. I have to request that you will furnish me with a statement giving the dates of his departure and the return and the nature of the business on which he was engaged during the nine months ended 31st March last.’ That would be the 31st March, 1907?—A. Yes.

Q. And I find that on November 7th, 1908, a letter was written by you to Mr. Desbarats, the acting deputy minister of Marine and Fisheries, in which you state as follows:—

‘I wish to call your attention to the account of Commander Spain, of your department, for travelling expenses for the fiscal year 1907-8 (this is Nov. 7th, 1908)

and to say, notwithstanding the fact that these accounts appear to have been approved by Colonel Gourdeau, deputy minister, I cannot accept them, as they bear on their face the too evident appearance of incorrectness. It is almost an impossibility for this office to test anything more than the mathematical correctness of an account for travelling expenses, unless we take unusual and distasteful means to obtain information. It is sufficient, under the Consolidated Revenue and Audit Act, to have the accounts bear evidence of having been examined by the department having control and vouched for by some officer having a personal knowledge of the expenditure, and in each case this is found sufficient. For various reasons I cannot, in the case of Commander Spain's account, accept those conditions. On an examination of his accounts for 1904-5, they were found to bear such evidence of incorrectness that unusual means were adopted, with the result that about one-sixth of the whole sum had to be refunded, and the circumstances were such that the deputy minister undertook to say that future accounts should be correct. The present difficulty appears to be a continuance of the practice complained of in 1904-5, namely, charges for railway fares, etc., when, in my opinion, no travelling such as charged for was done. In confirmation of this opinion, I enclose you a statement showing cases where Commander Spain was sitting in his court as Wreck Commissioner at Montreal on certain days, while, according to the charges in his account for railway fares, etc., he would have appeared to have been in other parts of the country. As the records actually show that he was in Montreal, there can be no doubt about the irregularity of the charges for fares to Quebec, etc., and as his accounts have been proved to be wrong in these instances, they may be wrong in other cases also, where I have not the material, etc. 'I am therefore, obliged to reject the whole account, and suggest that you should take some means to test the accuracy of the whole account, and obtain a refund of such amounts as may not be properly accounted for by the Auditor General and the acting deputy.'

Attached to that is a memorandum which I have here, prepared by the Auditor General and handed to me from his office, stating as follows:—'On June 11th, 12th and 13th, 1907, Captain Spain was holding court at Montreal, steamer *Mary*. According to his account, he charged for travelling expenses, June 9th, Father Point to Quebec, a certain amount, Quebec to Fort William, \$34.10, sleeper and so on, giving details, June 10th telegrams, porter 25, cab 75, etc. On June 20th, 1907, court at Montreal, travelling expenses are charged, June 19th Ottawa to Quebec, and then the other incidentals, June 20th charges to Quebec. Then on the 8th July there was court at Montreal *re Montrose*. Then 8th, 9th and 10th, 11th and 12th July court at Montreal, and then travelling expenses, and a lot of details I need not refer to. Quebec to Father Point and return. August 30th and 31st court at Montreal *re Imperial Germania*. Then the expense account shows August 29th, Ottawa to Quebec and return and other incidental expenses. August 30th cab charges and other things at Quebec, and 31st cab charges at Quebec, and then return to Montreal on the 31st, and so on. Then again, Nov. 6th, court, Montreal. Nov. 5th expense account shows Ottawa to Quebec and return, cabs and so on. On the 7th, Quebec, cab, etc.

This memorandum was handed by you to me for the purpose of bringing before his lordship and the commission. Have you gone over the records, or had them gone over, for the purpose of ascertaining as to the accuracy of this memorandum?—A. At the time the memorandum was made out, yes.

Q. So that one set of records, as I understand, shows the sittings at the places designated by this memorandum?—A. Yes.

Q. At the particular dates mentioned?—A. Yes.

Q. And the travelling expense account shows the other statement?—A. Yes, exactly.

Q. And can you reconcile the two statements?—A. I cannot.

Q. Now, I find here some other matters which have been handed to me, and being so put in it is necessary to go over them. I have here, for instance, in this file a telegram to you on Dec. 28th, 1905 'J. Fraser, Auditor General, Ottawa: have not

yet been paid Bay State Account.' I am just taking this, and I will ask his explanation. Next is Dec. 29th, 1905—

Hon. Mr. CASSELS.—Who is the telegram signed by?

Mr. WATSON.—C. A. Pentland. The next is December 29th to Mr. Fraser 'Cheque Bay State investigation received this morning, C. A. Pentland.' So it was paid on the 29th. Those are proceeded by a letter written on the 28th December, or rather, a telegram on the 28th December to C. A. Pentland, K.C., Quebec, 'Have you received payment your account \$642 *re* Bay State investigation, and when.' F. Fraser, Auditor General.' That should come first, and the two telegrams following. What is there in connection with that? Why did you send those telegrams?—A. There was an entry in Commander Spain's account for that amount as having been paid to Mr. Pentland, in the disputed accounts of 1905. For some reason I can hardly recollect the particulars; from some discussion that has taken place, I became suspicious as to whether that amount had been paid. It was entered at a date prior to that.

By Hon. Mr. Cassels:

Q. What date?—A. I could not say now, but I think it must have been from one to two months.

By Mr. Watson:

Q. As having been paid?—A. I have not those vouchers: they were returned to the Marine Department.

Hon. Mr. CASSELS.—They ought to be here.

WITNESS.—And from something that took place at the time I thought I would ascertain whether the amount had been paid or not. I telegraphed to Mr. Pentland and received that reply, that he did not receive the payment.

Q. Who was Pentland? Whom was he acting for?—A. I thing he was acting for one of the steamers that was in commission.

By Mr. Watson:

Q. He was entitled to be paid?—A. Yes.

By Hon. Mr. Cassels:

Q. He was acting for the owner?—A. Yes. I think it was a deposit that had to be made on account of the division of a vessel. I received the reply that he had not received payment. The next morning there was a telegram that he had received payment, so that my impression was correct that the entry in the account was wrong. Commander Spain has taken credit for having paid the money some time previous to that date, when he had not paid it. My impression is that the conversation that had taken place that led up to that telegram was the cause of the payment having been made the next day.

By Hon. Mr. Cassels:

Q. Conversation with whom?—A. I think with Colonel Gourdeau.

By Mr. Watson:

Q. That is all you know about that?—A. That is all I recollect.

Q. Were you spoken to by Commander Spain afterwards about it, or did you speak to him about it?—A. I do not think so, I do not recollect.

Q. The next I have is 30th and 31st December 1905, letter to the Deputy Minister 'I beg to inform you that advances on account of travelling amounting to \$3,050 have been made to Captain Spain by the Department of Marine and Fisheries since the 1st July last. I have asked that Department to furnish me with details of the expenditure made out of those advances, and so far have not obtained the same. As the amount is a very large one, I have to request that you will take the necessary steps to obtain the vouchers accounting for the same, or refund the whole, or such portion

the said advances as may be unaccounted for. This action is taken under section of the Consolidated Revenue and Audit Act: signed by you?—A. Yes.

Q. Letter in answer from the Finance Department, Feb. 20th 1906, directed to you, stating 'At the last meeting of the Treasury Board, I read your letter of the 1st December, 1905, relating to the travelling expenses of Commander Spain,' etc. What is signed by somebody who writes a very unintelligible signature—

Hon. Mr. Justice CASSELS.—It seems to have been written by a shaky hand.—It is Mr. Courtney.

By Mr. Watson:

Q. On the 1st March, 1906, you write to Mr. Courtney, 'I have the honour to acknowledge the receipt of your letter of the 26th ult.' &c. (Letter read).

Hon. Mr. CASSELS.—Who was the Treasury Board at that time?

Mr. WATSON.—It is a committee of the government, I am not sure.

WITNESS.—The Minister of Finance, the Minister of Customs, and two or three other ministers: it is a committee of the Privy Council.

Q. This is a pretty strong letter?—A. I do not think it was too strong under the circumstances.

Q. 1st of March, 1906. The next one I have is December 27th, 1905, rather out of order, by Mr. Gourdeau, deputy minister, to you. (Letter read. 'If it will turn out at any time I will have it forwarded to you'; what is the meaning of that?—A. In order to check Commander Spain's account, I sent for the attendance-book, so that I would ascertain the dates he was present at the office, and compare them with the dates in his accounts, and only got books for a portion of the year. The balance of them, as Colonel Gourdeau said, could not be found; they were not sent me. I was only able to check seven or eight months, instead of the whole year.

Q. The reference in this letter is broad: It says, 'In regard to the missing attendance-book of this department.' Would that include the attendance of other officials as well as Commander Spain?—A. Yes, the regular attendance-book for the whole staff.

Q. We have a record made up now, and I assume the book must have been found since?—A. There is more than one book.

Hon. Mr. CASSELS.—The record we have starts in 1905.

By Mr. Watson:

Q. This would relate to 1904; this is 20th December, 1904?—A. I think those were the accounts up to the 30th June, 1905.

By Hon. Mr. Cassels:

Q. The fiscal year ending 1904-5.—A. Yes. I may say it was not an attendance-book. The books run a month or so, quite small books, quite a number of them for a year, and only a portion of them were sent me. The remaining portion of them was missing.

Mr. WATSON.—Will you find out if there are any attendance-books missing?

Mr. THOMAS.—Yes, there are.

Mr. WATSON.—We will come to that later.

Q. Then the next I have here on the file, 2nd January, 1906, letter by Colonel Gourdeau to you saying, 'I had a conversation with Mr. Courtney this morning about Commander Spain's accounts. I informed him about the whole of the facts of the case, as I knew them, of my own personal knowledge, and he told me if Commander Spain would make a declaration to that effect he was sure it would be all right,' &c. (Letter read.) That is on the 2nd January, 1906. Now, then, these matters that are referred to in the memoranda that you have given here of the difference in dates of attendances and expenses are all subsequent to this time?—A. That last memorandum, yes, that is the last fiscal year.

Q. That has occurred in the last fiscal year?—A. Yes.

Q. Then there is another document here, Ottawa, December 27th, 1907, signed by Mrs. A. H. Thomas, 'Accounts for travelling expenses of Commander Spain from August 13th, 1905, to December 17th, 1905, inclusive, checked according to the attendance-book. The period from the 15th July, 1905, to the 11th August, 1905, cannot be checked at present, as the attendance-book is with the Auditor General'—

Hon. Mr. CASSELS.—Who is that from?

Mr. WATSON.—It is a memorandum on file; it is not directed to any one, signed by Mrs. A. H. Thomas.

Hon. Mr. CASSELS.—It would be to the deputy minister, I suppose.

Mr. WATSON.—Yes, my lord.

Q. Then on the 16th February, 1906, you wrote to the deputy minister. (Letter read). That is the full record handed to you. As matters exist now, are you able to pass the accounts of Commander Spain?—A. I am not.

Mr. WATSON.—I file that. (Exhibit 441).

Mr. WATSON.—Commander Spain, you can look over these before you go into the box if you like.

Commander SPAIN.—You have read them all.

Mr. WATSON.—Yes.

Hon. Mr. CASSELS.—There is a letter there, that one 2nd January, 1906, Colonel Gourdeau to Mr. Courtney, it is suggested that Commander Spain should advance his own moneys for his travelling disbursements and get them back when he rendered his accounts.

Commander SPAIN.—Yes.

Hon. Mr. CASSELS.—Was that done?

Commander SPAIN.—It might have been. I could not say without looking at the accounts.

Hon. Mr. CASSELS.—What strikes me is this: that if that were done in the future, as suggested, then this payment made to Pentland would be out of his own moneys.

Commander SPAIN.—That payment to Pentland was before.

Hon. Mr. CASSELS.—You do not know whether it was carried out or not?

Commander SPAIN.—No: it was immaterial to me.

Hon. Mr. CASSELS.—It would be a great hardship on an official to advance \$2,000 out of his own pocket and then get it back. A lot of people have not that money to spend.

Commander SPAIN.—No. What the practice is supposed to be is that an official should render monthly accounts, and he can always get an advance for sufficient to cover monthly expenses. That is the practice all along, to advance.

Mr. WATSON.—I have spoken to Commander Spain, and he prefers to go in now, instead of later. He is certainly entitled to an opportunity at once.

O. G. V. SPAIN, sworn.

By Mr. Watson:

Q. Before we start, if you please, may I make a statement?

Q. I prefer that we shall proceed in the regular way?—A. I would prefer, first of all, to read the statement.

Q. You will have to answer questions in the regular way?—A. Why cannot I read the statement and then you ask any questions you like.

Hon. Mr. CASSELS.—I think you had better answer questions seriatim. You will get every opportunity.

WITNESS.—But one does not. One is liable to say what counsel wants you to say.

Hon. Mr. CASSELS.—I have tried to give every witness an opportunity to say what he wants to.

By Mr. Watson:

Q. It is the fact that in 1904 and 1905 that upon the occasion of challenging our accounts that you then made corrections, and made a refund of a considerable amount, as shown at the former sitting here?—A. No, I do not call that a refund, not a bit. It was the balance of unexpended money that was advanced to me.

Q. At all events, you gave a cheque to the department at that time, after some investigation of the accounts?—A. Well, I would have to give a cheque anyhow. I do not know whether it was a cheque I gave, but I refunded a certain unexpended balance, which one does every year, and I think you have gone into that before. You went into that when you were here before.

Q. I am much obliged to you for reminding me?—A. Do not mention it.

Q. What we find here is something in regard to an account of Mr. Pentland's, December, 1905. You have heard read these telegrams, have you?—A. Yes.

Q. What, if anything, have you to say with regard to that, and the evidence given by Mr. Fraser bearing upon it?—A. I do not understand what you mean.

Q. You heard Mr. Fraser's evidence?—A. I heard Mr. Fraser's evidence.

Q. That was given, following upon the reading of three telegrams?—A. Yes, sir.

Q. I ask you what, if anything, you have to say with reference to that matter and the evidence that Mr. Fraser has given?—A. What I have to say is that Pentland was one of the many lawyers employed on a very important case down there. It was by my instructions that the vessels were seized at Father Point and delayed there, and the cost was \$642 and I paid it.

Q. Is that all you have to say about it?—A. Am I supposed not to have done it? Am I supposed not to have paid him.

Q. I asked you if you had heard the evidence?—A. I do not understand the question.

By Hon. Mr. Cassels:

Q. Mr. Fraser stated that in point of fact this amount due to Pentland was only paid on the 28th December, 1905, whereas your return to him showed the payment as having been made a month or two months previously?—A. I do not think that is correct at all, not as far as I remember, I do not think it is correct at all.

Hon. Mr. CASSELS.—That is why I asked to see the account submitted to the auditor.

Q. Do you recollect that it was paid after an interview with anyone else here upon the subject of the non-payment?—A. Not at all: I have never heard about this thing before: it has happened four years ago.

Q. I asked you before you went into the box if you wanted any time to review these matters.

Hon. Mr. CASSELS.—Better take that statement and read it over.—A. I do not understand the point at all. Is it that I am supposed not to have paid him?

Mr. WATSON.—It is that you sent in an account of disbursements showing a disbursement to Mr. Pentland of some \$640, and when that was questioned by the auditor, a telegram was sent to Mr. Pentland about it on the 28th December, and he said he had not been paid the amount: And on the 29th he telegraphs that he had received the money that morning, and that the payment therefore was not made for a month or a month and a half or two months after you had sent in your statement of actual disbursements?—A. I do not think that is the case. I am very much surprised if that is the case. I would not see any point in doing it.

Q. Would you like to look it over?—A. I do not see much good in looking it over. If you have read out exactly what is there, I cannot get anything further out of it than you have told me.

Q. I have told you what Fraser said, and I have read the telegrams?—A. I simply say I am surprised if that is the case: I could not see any point in doing that.

Q. Do you desire to look over your own records to ascertain the accuracy of Mr. Fraser's statement?—A. I have not got any records. I have not got any of my own records.

Q. Do you desire an opportunity of looking over your statement of accounts as rendered, to test whether or not at an earlier date you reported this as an actual disbursement?—A. If you think it would do me any good, I might as well look at it.

Q. If you feel that way about it, take a little time and come in in an hour or so.

Hon. Mr. CASSELS.—Where is the account tendered by Mr. Spain?

Mr. FRASER.—It is at the Marine Department.

Hon. Mr. CASSELS.—Better get that.

Mr. FRASER.—I am informed we cannot get it.

Hon. Mr. CASSELS.—Why can you not get it?

Mrs. THOMAS.—I got all the accounts they would give me, and these are the duplicates. I do not think they are originals. They cannot trace the originals. I cannot speak for them. They will have to speak for themselves.

Hon. Mr. CASSELS.—Were they destroyed?

Mrs. THOMAS.—I cannot tell that.

Mr. WATSON.—Mrs. Thomas tells me she does not think these records are complete.

Mrs. THOMAS.—No.

Mr. WATSON.—Here is the auditor's account, statement signed by Mr. Spain, Department of Marine and Fisheries, in account with Commander O. G. V. Spain, investigation into wrecks, *Bay State*, *Berkshire Bath*, &c. Under the date of 11th October, 1905. C. A. Pentland, K.C., representing owners of *Bay State* and barges, \$642, Oct. 11th. That is amongst other items; and then 'I certify the above to be correct and the expenditure incurred on government business.'

Hon. Mr. CASSELS.—What is the date?

Mr. WATSON.—That is not dated.

Hon. Mr. CASSELS.—Is there no stamp on it?

Mr. WATSON.—No, actually no stamp upon it at all.

WITNESS.—There must be a receipt from Pentland.

Mr. WATSON.—Yes, there is a receipt from Pentland on the 29th December.

Q. You see the point of that is that that shows a record of expenditure on 11th October, and in that record is included the sum of \$642?—A. That is the date probably the ships were seized at Father Point, the date when this \$642 was called, and this account was probably sent in in December.

Q. It was in any event a record of expenditure by you, as I understand it?—A. Yes, on that date, on the 11th October.

Q. But there was no expenditure by you on that date; as a matter of fact you had not paid it at the time?—A. Certainly; that is the date the thing occurred.

Q. But you had not paid the money?—A. I paid the money at the time I sent in that account, which was in December.

Q. These telegrams we have here are rather the other way about it?—A. Not at all; I do not think so.

Q. The account was in the Auditor General's hands at that time?—A. Yes, in December, when he sent those telegrams, exactly what it says.

Q. The account had been sent in before the payment was made?—A. Not at all; I do not see that.

Q. If you don't that is all there is about it; that is all you have to say?—A. I say the account was made out in December and sent in in December and it is for matters that happened in October.

By Hon. Mr. Cassels:

Q. What you state is that you were in funds that you accounted for at the end of the year?—A. Yes.

Q. And that you put in your statement not at the time the actual payment was made, but when the debt was incurred?—A. Yes, that is what I say.

By Mr. Watson:

Q. The accounts must have been sent in before the telegrams were sent to Pentland?—A. They were sent in in December.

Q. And the account must have been sent in to the department and to the Auditor General before the telegrams were sent by the auditor?—A. That I don't know. I did not know the telegrams were sent at all.

By Hon. Mr. Cassels:

Q. Did that \$3,050 include the Pentland account?—A. I think it did.

Hon. Mr. CASSELS.—Then the account must have been rendered before the date of payment, the 29th December. The accounts must have been in the auditor's hands on the 21st December.

Mr. WATSON.—The records are there, and with regard to the departmental file, there is not any date given when the accounts are certified in the department. There are several accounts in this file, with a certificate over Mr. Spain's signature, 'I certify the above to be correct and the expenditure incurred on government business.' That is as the regular formal certificate, and that applied to railway fares and all items of expenditure, but there is no date to the certificate, and nothing to show on these accounts when they were sent by Mr. Spain, or when they were received in the department.

Hon. Mr. CASSELS.—The only piece of evidence is this letter of the 21st December, 1905, written by the auditor to the Deputy Minister of Finance, in which he refers to paying the account \$3,050, and therefore it was in before that time, and the only other memorandum is Mrs. Thomas's memorandum which you referred to.

Mr. WATSON.—This account is 6th October, 1905, \$721. Then the next is 10th October, 1905, 'Received from Commander Spain \$6 for services of crier.' Then there is a memorandum here, 'This account for \$642 is in reference to the following matter: the vessel *Bay State*, with barges *Birkshire* and *Bath*, were owned in the United States: on their passage down from Montreal they came into collision and sank one of the Montreal harbour dredges and seriously damaged another,' &c. That is signed by Mr. Spain and not dated. Then there is an accident here apparently from Mr. Pentland. It is expenses of owners of steam barge *Bay State*, whalebacks, and so on. Then there are telegrams in that: detention of vessels, \$302; pilotage of vessels, Quebec and back, \$80; coal, \$200; \$642—

By Hon. Mr. Cassels:

Q. I understand the position is this: Commander Spain is in funds which he has to account at the end of the year, and he has to refund whatever surplus he may have after all these payments. He sends in these accounts. It is marked in October the time the debt was incurred, and he had to account for it. It was before the time Commander Spain had to return the balance in hand. Am I correct?—A. Yes.

Mr. WATSON.—The amount could not be allowed until after it was disbursed.

Hon. Mr. CASSELS.—No. I am not commenting on it at all. I understand that is the explanation.

WITNESS.—Yes.

By Mr. Watson:

Q. The account for the \$642 is dated 16th October, 1905?—A. Yes. You will see on the 11th October I am supposed to have paid him, and the account did not come in till the 16th.

Mr. WATSON.—'Received from the Wreck Commissioner the sum of \$371 for repairing to *Euphonia*.' That was paid the same way, December 28th, 1905. That

was included in the statement of disbursements previously given, the same way as the other.

Hon. Mr. CASSELS.—Just a matter of getting credit for it before it was paid.

Mr. WATSON.—Here is a memorandum with no date. I will put in this file. (Ex. 441).

WITNESS.—Would you allow me to look at that for a second?

Q. Certainly. What about the record of non-attendances referred to in that memorandum. It appears from this memorandum that on June 11th— A. Would you excuse me for one minute. This account was not sent in by Mr. Pentland till the 16th October, and if you will notice here I have it down on the date of the accident, the 11th.

Q. That was referred to before twice?—A. No, I do not think so.

Q. This memorandum was on the 11th, 12th and 13th of June, 1907. Captain Spain was holding court at Montreal *re* steamship *Mary*, and during these dates, according to this report, you put in expenditure travelling between Fort William and Toronto; what have you to say about that?—A. I have to say this about that: There is only one account for going to Fort William, I have not put it in twice. I went there with my Ontario assessor, and went there about the Morning case, and the dates are wrong; that is all I can say about it.

Q. Where is your account?—A. I do not know.

Q. Where is your time record?—A. I do not know.

Q. Better stand aside and look them up?—A. No, I cannot find them. I went to Fort William once, and there is only one account for it, and I have nothing more to say about it.

Q. We want your time records. I thought you could answer this at the present time, if not, I will ask a little time to get the records complete. I thought you could explain it?—A. I can explain it in that way. I have only one account for Fort William.

Q. We will call you again this afternoon, when we have the books before us?—A. Cannot we finish it now? Because it is very tiring.

Mr. WATSON.—No, we cannot possibly do it.

Hon. Mr. CASSELS.—There is some other evidence you want to get from Commander Spain.

Mr. WATSON.—Yes, we will call him this afternoon.

Mr. WATSON.—Then with reference to the Canadian Fog Signal Company, I wish to call Mr. Mearns.

FRANK S. MEARN'S. SWORN.

By Mr. Watson:.

Q. The last time you were here, you were good enough to say you would look up the contract with the original patentee and the transfer of it. Will you kindly produce it?—A. This is it.

Q. It is said there was a royalty agreement?—A. Well, that is the royalty agreement.

Q. This is just a letter: is this the only agreement between you and the original patentee?—A. Excepting the transfer—

Q. What is the name of the patentee? I do not see any name to this letter?—A. Here it is: the Hamilton-Foster Fog Signal Company, per C. A. Hamilton.

Q. May 3rd, 1902, by the Hamilton-Foster Fog Signal Company to Mr. Northy, 'Confirming our verbal agreement,' &c. 'The royalty is to be paid to us immediately after you receive payment for plants delivered at the following rates.' And the rates commence, and they are as follows: diaphones, three-quarter inch, royalty \$87.50; one-inch, \$100; one-and-a-half-inch, \$112.50; one-and-a-half inch, \$125;

liaphones, two-inch, \$150; two and a-half-inch, \$175; three-inch, \$200; four-inch, \$400; five-inch, \$500. (Exhibit 442.) Have you a copy of this?—A. Yes. (Copy filed.)

Q. Have you the patent?—A. Not this patent: they retain the patents.

Q. That is the one that is transferred?—A. Yes.

Q. Does that royalty agreement still exist?—A. Yes.

Q. You said you would produce the book showing the list of shareholders?

Hon. Mr. CASSELS.—Is there any list here showing the number of diaphones and the sizes?

Mr. WATSON.—I think we have that in the accounts.

Q. The accounts show the sizes, do they not?—A. Yes.

Q. That is those that are furnished?—A. Yes.

Q. You said you would produce the books showing the list of the shareholders?—A. Yes.

Q. Stock register: is this the only one?—A. That is the only stock register.

Q. Where is the original?—A. That is the original; that is the only one we have.

Q. That is the only one you have now?—A. Yes.

Q. I should think there must have been one before?—A. Oh, no.

Q. Would you not think so?—A. No.

Q. Just look at it?—A. That is it; that is the only one we had.

Q. That is dated 1903, and I would just like to refer you to the circumstances,

Mr. Mearns, for any explanation: that looks upon its face just as though it had been recently written out, with a leaf taken out before it?—A. I think you are quite in error about a leaf being taken out—quite in error.

By Hon. Mr. Cassels:

Q. This does not seem to be the stock register at all?—A. It is the stock certificate.

Q. It is a list of directors?—A. It shows the shareholders.

By Mr. Watson:

Q. Then the shareholders in 1903 were Mr. R. Bell, Mr. Forbes, Mr. Northy, Mr. P. E. Northy and yourself. The shareholders have increased since, by the addition of Mr. Wadsworth's name?—A. Yes, that was in regard to the share: there was a change. Mr. Bell was a clerk in the office and had left the office.

Q. Is there anyone else than those whose names appear here that are interested in the profits of the company?—A. None whatever.

(Register exhibit 443.)

Q. This is the stock certificate book?—A. That is the original scrip book.

Q. This just shows to whom the certificates have been issued?—A. Yes.

Q. Is this in accordance with the stock register?—A. Quite so; that is, so far as the scrip issued is concerned. I would like to produce also the sworn testimony, the annual returns to the government each year.

Q. Who constructed the plant? I am not speaking of the diaphone. On the last occasion you were here, you mentioned you had a contract with a manufacturer for the construction of the plant. Have you the contract or contracts here?—A. I really do not know. I am not sure. Mr. Northy will be able to speak as to that.

Q. But who constructed the plants?—A. The plants would be made up by purchasing from a number of manufacturing concerns; there might possibly get eight or ten.

Q. Let us see the book showing the disbursements for plant incident to each instrument?—A. This is it.

Q. What is this book?—A. Ledger.

Q. Ledger A., number 4 on it. Does this contain a record of the disbursements for each separate plant?—A. We did not purchase plants separately, so far as I know.

Q. Does this book contain a record of the cost of each plant?—A. Not separately.

Q. You mean the plant; take half a dozen plants together. Does this book show a record of the disbursements for one, two, three, four, five or six plants?—A. No, I do not think so.

Q. Is there any book in existence showing the record of disbursement for plant?—A. So far as I know personally, there is not; I am not sure as to that however. I would have to be—

Q. Do the books not contain records of disbursements?—A. Yes, sir, all disbursements.

Q. Have the disbursements for the plant been recorded?—A. Yes, all disbursements have been recorded in the books.

Q. Is that an answer to my question. Have the disbursements for the plant been recorded. That is a very plain, simple question?—A. I just do not quite understand it. Just repeat that question.

Q. With each diaphone there is a plant, is there, in every operation?—A. Yes.

Q. You furnish the diaphone and the plant along with the diaphone; is that not a simple question?—A. Yes.

Q. Now, we have the record of the cost of the diaphone. I want the record of the cost of the plant accompanying the diaphone?—A. You cannot get that from the books, Mr. Watson; it is not so recorded.

Q. Have you any record of that?—A. No, I do not think so, not to my knowledge.

Q. You sell the diaphone with the plant at certain stated prices, do you not?—A. We do now.

Q. Well, you have done so to the department throughout?—A. No, not throughout. We have sold the diaphone and the plant as one running concern.

Q. As one running concern?—A. One unit.

Q. One sale?—A. Yes.

Q. Do you mean to say you have no means of tracing the cost of what you have sold, of an outfit that you have sold to the department, that outfit being a diaphone with a plant accompanying it; you have no record of the cost of that outfit?—A. No, so far as I know, none whatever; possibly Mr. Northy might know better than I do, but that is my personal knowledge.

Q. Who keeps the book?—A. The bookkeeper.

Q. What is his name?—A. Mr. Wadsworth.

Q. Did he come down?—A. No, he did not come down.

Q. Does anyone else have personal knowledge of the bookkeeping except Mr. Wadsworth?—A. No.

Q. No one else?—A. Not in regard to that.

Q. From whom did you make purchases for the plant. Look at the book and tell, please, and the amount of each?—A. Rice Lewis.

Q. That is for the plant?—A. Yes.

Q. The plant had how many outfits at that time?—A. I could not tell you.

Q. The books do not show that?—A. No.

Q. What do the books show? An account with Rice Lewis from the 1st October 1904 to the 10th of December 1904: is that right?—A. Yes.

Q. And then again from December 9th to December 31st; that is what Rice Lewis shows?—A. Yes.

Q. What was done with the plant shown in that account?—A. I could not tell you.

Q. That is Rice Lewis at what page?—A. Page 25.

Q. Any other account with Rice Lewis?—A. I do not see any.

Q. Were those purchases from Rice Lewis of merchandise for use in the plants which accompanied the diaphones sold to the department?—A. I think so.

Q. Well, who is the next one?—A. James Morrison Brass Company.

Q. That is from September 25th 1903 to December 8th 1904: it shows the amount there, page 28?—A. Yes.

Q. \$4,800?—A. Yes.

Q. Did they supply material or goods for the plant?—A. Yes.

Q. For all the plant, for each plant?—A. That I am not sure of.

Q. Take for instance—it was mentioned the last time you were here, say in June, 1903, five 3-inch diaphones with plant were sold to the department. Is there any record in the books showing the cost of the diaphones with plant?—A. No record at all; they would be under the head of merchandize generally. What we do is this: we assemble a plant, obtaining different parts of it from a number of manufacturing firms; one firm is capable of furnishing all the plant. For instance we have to buy compressors; we have to buy them from the firm who manufacture them, and then gasoline engines have to be manufactured by a different concern, and steel compression tanks have to be manufactured by different firms. Then there are brass fittings and pulleys and different things, and we patronized different manufacturing concerns, and we assembled all that plant.

Q. On the last occasion you said that you made arrangements with the contractor to manufacture the plant, that that plant that could be——?—A. That is not the case; we have never done that, we have never had any contracting firm assemble the plant for us; we have always done that ourselves all the way. It is one unit, one going concern.

Q. Then your books will show the cost of the plant?—A. No, certainly not.

Q. Can you make out a statement from your books showing the value of the plant?—A. Mr. Northy, I think, could.

Q. You have been requested several times to be good enough to do that?—A. The cost of the plant?

Q. Yes?—A. I understand Mr. Northy has made one out.

Q. From the books?—A. I presume it is from the books or invoices or something. He will have to speak as to that, I cannot.

Q. Have you attempted to do so?—A. Oh, no.

Q. You have not attempted to do so at all?—A. No.

(Ledger, Exhibit 445.)

Q. Have you any other ledgers?—A. Yes, here are the ledgers, four ledgers.

Q. Where is the cash book, the cash book that was here before?—A. There it is (Ledgers, Exhibits 446, 447 and 448.)

His LORDSHIP.—In the former evidence you were asked 'The contract does not say anything about profit'? 'No, there is no profit upon the plant'?—A. I was speaking from my then knowledge.

Q. I think I could go further and show that you pointed out in detail that this plant was in the market open to anybody?—A. Yes, that is what I say.

Q. Now you add 25 per cent profit on the plant, to reduce the profit on the diaphone?—A. (No answer.)

By Mr. Watson:

Q. These entries, five, six and seven, contain correct entries?—A. I think so, as far as I know.

Q. So the records contained in these books, or entered in these books, as to payments, may be assumed to be accurate?—A. As far as I know, yes.

Q. I refer to ledgers 5, 6 and 7, and amounts appearing in those as paid said to be extracted; they can be tested, if necessary; they are copied from those records, amounts paid to Mr. Northy and to yourself and to Mr. Forbes; they are prepared by Mr. Sinclair from the books; I put that in, subject to be verified from the books made up as a record; it is subject to verification by the books——

Hon. Mr. CASSELS.—Am I correct in my recollection that certainly the earlier contracts were a fixed price for a diaphone, \$4,600?

Mr. WATSON.—Yes, my lord.

WITNESS.—Surely that cannot be so. Up to 1905 the diaphone was never separated from the plant.

Q. Have you the contracts with the department?—A. Yes.

(Exhibit 449).

Q. Let me have the contracts?—A. Here is one.

Q. This is 1904?—A. Yes.

Q. Where are the others?—A. You have them; they are on file.

Q. Put in last time?—A. Yes.

Q. Does this contain all the correspondence during the year 1904?—A. So far as I know, yes.

Q. Is there any one that knows any better that could answer without any qualification?—A. No, not without going through all the files. I picked out everything that bore upon the contract.

Q. So this is just a picking out from the correspondence of what at the time seemed to relate to the matter?—A. Yes.

Q. Our correspondence will show; we have our files here?—A. Yes.

Q. This is the contract?—A. Yes.

Q. Where is the contract; this is all correspondence?—A. This is the contract.

Q. Have you the written contract signed by the minister or by the deputy minister in the form of a contract for 1904?—A. Nothing but the letters written by the deputy minister.

Q. And by Mr. Fraser?—A. I do not know of any written by Mr. Fraser.

Q. Most of this correspondence is by Fraser?—A. Those are matters of detail.

Q. These will go in (File of letters Exhibit 450.) What are these?—A. 1905.

Q. I do not find any contract here?—A. The contract was filed.

Q. Then in the same way have you picked out from the correspondence certain letters to accompany these?—A. I have endeavoured to do so, yes.

Q. Picked out from the correspondence which appeared to you to be proper to accompany these, to be part of the production?—A. Yes. (Exhibit 451.)

Q. Then 1906?—A. That is 1905 and 1906.

Q. Did you have personally to do with the making of the contracts?—A. Well, slightly.

Q. There was no agreement made with you personally then: Is that right?—A. Oh, no: It was forwarded in the usual way to the office, and of course came before me.

Q. Who had to do with the making of the contract? You personally?—A. Which have you reference to?

Q. Any contract?—A. Mr. Northy made the contract—

Q. Take in 1907; did you make any contracts?—No; the written contract of 1905 extended—

Q. I am asking for 1907?—A. Pardon me for a moment.

Q. Just answer the question?—A. I am going to answer it.

Q. In 1907 did you make any contract yourself?—A. Will you pardon me.

Q. Will you answer the question?—A. The contract of 1905 extended for three years and included it.

Q. There was no separate contract in 1907?—A. No.

Q. No separate contract for any plant or diaphones in 1907?—A. Not to my knowledge.

Q. What is meant by this: 'May 2nd, 1907: With reference to our previous correspondence regarding the price for the Fog Signal plant, I have to advise you that the department is willing to pay \$9,245 for this plant, as agreed upon with your Mr. Mearns when in Ottawa'?—A. That would be some special variation in the contract.

Q. The reason I asked you the question, I had this before me?—A. There was a variation in that particular instance.

Q. 'I have to advise you that the department is willing to pay \$9,245 for this plant, as agreed upon with your Mr. Mearns when in Ottawa.' Apparently, you have made the contract?—A. There was a fixing of that amount by varying the price fixed in the contract, I cannot recall what it was.

Q. That is for 1907; let us see 1908?—A. These are under the present tender of last September.

Q. How long does this 1907 contract go? Does that proceed up to the end of the fiscal year 1907?—A. It is not terminated yet.

Q. That is those of 1907?—A. It would be the 1905 contract, which was executed in 1906, was not terminated yet, and we have had no notice of cancellation.

Q. So far the investigation has been limited to the end of the fiscal year 1907; that would be June or July, 1907; these bear upon subsequent matters?—A. I tender these in any event.

Q. Do these bear upon subsequent matters?—A. They bear upon the question—

Q. Why cannot you answer a straight question: do these bear upon matters subsequent to July, 1907?—A. As well as previous to 1907, on the question of cost.

Q. On what?—A. On the question of price.

Q. Do these relate to plant and diaphones delivered since July, 1907?—A. Yes, from our standpoint, they deal with the question of value before that. I tender them.

Q. If these were delivered since 1907 for plant in 1907, then they do not come under the original directions as given by his lordship?—A. Then I ask his lordship to pass upon the question whether we are entitled to show by these tenders we are putting in now, bearing upon the question of price, in which we were asked to tender, with a market open to the world, and which now bears upon the question of price, that we should be allowed to put them in.

Hon. Mr. CASSELS.—I do not understand what you mean by a market open to the world. Here is an account on September 9th, 1905, for a certain price. This means a reduction down to \$3,900 for the unit plant?—A. Yes.

Q. You stated that you sold that plant to the government at cost price and you were a little out of pocket?—A. I thought so at the time.

Q. That is continued on in the same way: the diaphone is sold at \$4,600, the plant being got from others and sold to the government at a little over cost price?—A. Yes, but prior to 1905, there was no separation of the diaphone from the plant, and it was sold as one unit.

Hon. Mr. CASSELS.—Well, we have your statement. I have read your evidence carefully.

By Mr. Watson:

Q. This contract that was put in on the last occasion is one dated the 10th of May, 1906?—A. Yes.

Q. Was there a written contract before that?—A. Not excepting the letters and correspondence.

Q. And you say it is this contract which is dated 10th May, 1906, which is still in force?—A. It has never been cancelled.

Q. Is that still in force?—A. Unless subsequent tender has nullified it: I am not prepared to say.

Q. Let me ask you this: is the company still acting in accordance with the terms of this contract or not, 10th of May, 1906?—A. I assume we can be compelled to do so. We are not selling any under that contract. We are selling under the tender put in—

Q. Is it a fact that the terms and conditions of this contract of the 10th May, 1906, now govern and are in force?—A. I would not like to say that. I think the second contract would nullify them.

Q. Where is the second contract?—A. The second tender.

Q. Where is the second tender?—A. I handed you it a moment ago.

Q. May 10, 1906: So this contract is not in force. This contract provides in this way, just skimming over it, that the parties of the first part—that is your company—bind and oblige themselves, for the consideration of money, to find all the tools, implements, &c., and the Minister of Marine and Fisheries agrees to pay, &c., \$4,000 for each two-unit plant, &c., \$4,600 for each three-inch diaphone; \$8,500 for each two-unit plant with standard three-inch diaphone, &c., and the specifications are attached.

Hon. Mr. CASSELS.—That is practically the same as in 1905.

Mr. WATSON.—Yes, my lord. Then the other exhibit which was filed was the correspondence commencing December 3, 1902 and extending to November, 1905. I produce three files starting March 19, 1904. There has evidently been some misunderstanding of our request for particulars, and I do not for a moment suggest anything to the contrary, that it is anything but a misunderstanding, but the statements we thought we would receive have not been made up in the way we expected. No doubt our directions have been inaccurate. There has been a misunderstanding in the directions, so I will just have to put in the files in the meantime

(Files exhibits 453, 454 and 455).

Your lordship will understand that the officials have their regular daily duties to perform, and therefore there is a great deal of difficulty in their preparation of special statements. No doubt our temporary difficulty arises by reason of that circumstance.

Hon. Mr. CASSELS.—I understand that, Mr. Watson.

Mr. WATSON.—That is all I wish to ask Mr. Mearns.

WITNESS.—In July last we advertised for tenders for the plant and diaphone separately—not the diaphone, but for a sounding device of any sort; it was open to the world to compete—

Hon. Mr. CASSELS.—The evidence was given before me and repeated by yourself and Mr. Northy, as to how the thing came about, that the prices for fog signals was fixed at \$4,600, and the plant was open to anybody to make, and it was reduced from \$4,400 to \$3,900, if so much was reduced from \$4,400 to \$3,900, if so much was taken and the manufacturer gets the profit on it. On your sworn evidence, no profit was charged to the government. Now, as I understand it, they put a profit on the plant as well as the diaphone; so they reduce the profit on the diaphone, which is patented, by adding it on the plant.

WITNESS.—I was quoting the tender price.

Hon. Mr. CASSELS.—I am not tying you down to a particular figure.

WITNESS.—I submit we are entitled to tender this

Hon. Mr. CASSELS.—Go on and state what you want.

WITNESS.—I wish to tender the papers bearing upon the question this year.

Hon. Mr. CASSELS.—Put them in. I will read them through.

Mr. WATSON.—In view of the evidence that was given, a pretty full examination supplemented by Mr. Mearns evidence given to-day, is all, as far as I understand, the premises require, but Mr. Northy is here, I may say, and if Mr. Northy has any further statements or explanations on his own behalf that he would like to make in explanation, I daresay your lordship would be pleased to hear him.

Hon. Mr. CASSELS.—I think it is only fair to officials who may be charged, that anything that would clear up the present state of affairs, if it can be done, should be given.

Mr. WATSON.—If you desire to make any further statements by way of explanation or otherwise, you are at liberty to do so.

JOHN P. NORTHY, sworn.

By Mr. Watson:

Q. At the present time I have no additional questions to ask you, Mr. Northy. If you wish to say anything, go on?—A. I wish to show the cost of the new diaphone.

Hon. Mr. CASSELS.—Q. When did you make a new diaphone?—A. 1908.

Hon. Mr. CASSELS.—There is no use in that. I am not investigating that.

WITNESS.—I would like to take this statement—

Mr. WATSON.—It is a written statement.

By Hon. Mr. Cassels:

Q. If you have anything to say, say it in open court?—A. I would like to be here an hour.

Q. It is complimentary to us?—A. I cannot make a speech, if you will ask questions—

By Mr. Watson:

Q. You gave your evidence on a former occasion, and you have since read it over, no doubt, and also read over the evidence given by Mr. Morans on a former occasion, and heard the evidence given by him to-day. Are there any explanations or statements you would like to make?—A. There was no attempt at concealing the price of the diaphone to the government..

Hon. Mr. CASSELS.—As I have said five or six times altogether, there is no imputation, so far as you are concerned, if the government choose to pay you a certain specific sum you would be glad to get it.

WITNESS.—The diaphone we got for \$4,600 cost us \$3,000. I am under oath, and I make that statement. The learned counsel smiles, but it is a fact.

Mr. WATSON.—I had in mind the evidence given on a former occasion.

WITNESS.—That was when I came from England, and I was called in the box that morning, and was not prepared to give any evidence.

By Hon. Mr. Cassels:

Q. Now you say it costs \$3,000?—A. Yes.

By Mr. Watson:

Q. Show us the book which contains the entry of the cost of plant and diaphone at \$3,000?—A. We cannot show a book.

Q. That is all?—A. No, it is not all. Here is the cost of cabbage-head. The cost of the plant is \$3,450.

Q. Are you looking at a book?—A. No, that is not a book.

Q. Look at the book?—It is not a book at all. My engineer is here and he will swear to this.

Q. Show me the items of cost in any book from which that is made up?—A. If you look you will see there are 500 different items.

Q. Are they in a book?—A. Oh, they are into a thousand leaves in a book.

Q. Are the references to the pages there?—A. Yes, and the profit on that plant is 20 per cent.

By Hon. Mr. Cassels:

Q. That is plant you got made for yourself outside the diaphone?—A. No. The net profit on the whole plant is 20 per cent.

Q. Do you include the diaphone and the whole plant?—A. Yes.

Q. While it is sworn the plant was furnished to the government at cost price, and the diaphone at \$4,600, you now seek to take a profit on that plant of 20 per cent, so as to reduce the profit on the diaphone?—A. No, the diaphone and plant is all here. Here is the statement of the cost.

Hon. Mr. CASSELS.—I will look at it.

(Statement of cost, exhibit 456.)

Mr. GODFREY.—I wish to ask the witness a few questions.

Mr. WATSON.—On whose behalf?

Mr. GODFREY.—Mr. J. F. Fraser purchased a diaphone in early days. If my learned friend suggests anything improper, I would like to ask a question, if not, I do not want to ask anything.

Hon. Mr. CASSELS.—You can ask it.

By Mr. Godfrey:

Q. You had advertisements for tender last summer?—A. Yes, sir.

Mr. WATSON.—This has no bearing.

Hon. Mr. CASSELS.—No.

Mr. GODFREY.—I can show it is of the greatest importance as far as the officials are concerned.

Hon. Mr. CASSELS.—Go on.

By Mr. Godfrey:

Q. What was that advertisement for?—A. It was for a standard sound producing instrument and plant.

Q. Under whose supervision in the department was that tender asked for?—A. I do not know.

Q. Was it Mr. Doutre, the new purchasing agent?—A. I think it was; he can say for himself.

Q. Did you tender on that?—A. Yes.

By Hon. Mr. Cassels:

Q. Is that the same tender Mr. Northy swore to on the last occasion?—A. No, this is since the investigation.

By Mr. Godfrey:

Q. Were you awarded that contract?—A. We received contracts under that tender. They cashed our cheque, but I do not know whether the contract has been signed or not.

Q. How does your price under that tender compare with the price formally received.

Hon. Mr. CASSELS.—Are you giving this evidence to convict the officials?

Mr. GODFREY.—No.

Hon. Mr. CASSELS.—As I understand it, they had the full evidence before them, what took place before me, they had the benefit of my remarks as to what the rights of the government would be, and in the face of all that these officials have gone and done the same thing they did before.

Mr. GODFREY.—No, Mr. Doutre has not been able to get it at any better price.

Q. Even since the investigation, the government have not been able to get better terms from you than the old one?—A. No, and our prices are open to the world to compete. We can put in the plant to-day at half the price of the *Syron* and carry it better.

Q. I would also ask you to put in any statement you have with reference to prices?—A. That would take some time.

Q. You have it in writing?—A. The statement I handed to his lordship.

Hon. Mr. CASSELS.—It is in, and I am going to read it.

By Mr. Godfrey:

Q. Have you put in a schedule as to cost?—A. I had better file this.

Q. Will you swear to it?—A. I swear it is true.

(Schedule of cost, Exhibit 457.)

Mr. GODFREY.—I think Mr. Doutre ought to be called.

Hon. Mr. CASSELS.—I do not care about Mr. Doutre. All I know, on the evidence before me the government were paying \$4,700 for each diaphone, which turned out to cost from \$100 to \$200, and the royalty runs up from \$100 on sliding scale. He is

entitled to a reasonable profit under the patent, but the government can demand it from him at a reasonable profit.

Mr. GODFREY.—I am not interested in it. All I am interested in is to show the present agent cannot do better than the former one.

WITNESS.—The thing was not workable until my patent was brought out. The cost of the diaphone was \$3,000.

(Statement Exhibit 458.)

By Mr. Watson:

Q. Before you leave have you any other statements you wish to make? You have not put in that statement. You have not sworn to it?—A. Yes, I have sworn it is correct.

Q. That is not the proper way to put it in?

Hon. Mr. CASSELS.—You will have to put it in properly.

WITNESS.—Will you read it?

Hon. Mr. CASSELS.—No, it is not the proper way. I cannot receive those statements.

By Mr. Watson:

Q. Are there any other statements you wish to make?—A. No.

By Mr. Godfrey:

Q. When did you start into the fog signal business?—A. I developed my first patent in 1902.

Q. You had been engaged in the business of Northy Company Limited up to that time?—A. Yes.

Q. Had the Northy Company Limited then been in the fog signal business?—A. They made several plants.

Q. Did you retain any patent in connection with fog signals?—A. Yes, I made an agreement with the Hamilton Foster people to take over their patent—

Mr. WATSON.—I understand this cross-examination is on behalf of J. F. Fraser.

Hon. Mr. CASSELS.—Yes.

Mr. GODFREY.—It is generally to get out the facts.

Q. You began to do business with the government when?—A. I think it was in 1903.

Hon. Mr. CASSELS.—This is all in evidence before.

By Mr. Godfrey:

Q. I am going to ask this general question: Will you show us just upon what you base your prices and your cost?—A. Well, we can produce a plant to-day for half the price the government can buy any other plant in the world at and make money at it. We can carry our \$6,000 plant further than a \$20,000 plant in England, and still we make 25 per cent on that price, and that is all we have made.

Q. That means diaphone and plant?—A. The whole plant including the diaphone.

Q. How do the two prices compare with the prices you sell other sound-producing devices of other character?—A. They are cheaper. Take the Syron plant the government bought for the southern part of Belisle, it is nothing like the Carrier Lane, and costs more money. I do not see if it matters any if I sell the government something for \$10,000 that costs me five cents, if you give good value.

By Hon. Mr. Cassels:

Q. That is your view?—A. It is the proper view.

Q. Pardon me, I might have something to say on that?—A. Well, that is the view taken by commercial men.

By Mr. Godfrey:

Q. How do you get the cost of \$3,000?—A. I must get a salary and the engineer must be paid, and the accountant must be paid. The whole of the cost is here. I would like to go over that.

Q. It is on the file?—A. Yes. It costs us \$8,000 a year to run.

Q. That is your fixed charges?—A. Yes. If we had not developed it the government would have paid \$125,000 a year more for plant and \$25,000 more for fuel.

Q. Can the government to-day, or any government, buy your apparatus cheaper?—A. No; and if they had not paid us to allow us to develop our instrument, they would be paying \$25,000 a year more for fuel and \$125,000 more for plant.

By Mr. Watson:

Q. I have heard the statements you have made as to cost from some days in 1903 up to the last ledger 6; the amount drawn by you in cash out of this firm in connection with this business is shown by the statement prepared for me, \$235,311; that is for yourself personally?—A. That is quite wrong.

Q. And for Mr. Mearns, \$26,900, and for Mr. Forbes, \$28,400?—A. I have drawn \$158,000.

Q. This is supposed to be taken from the cash entries in the book; are the entries in the book correct?—A. There may be some cash entries there. As I figure I have drawn \$158,000.

Hon. Mr. CASSELS.—Mr. Watson, could you have prepared for me a list of the different diaphones and the sizes?

Mr. WATSON.—Yes, that is what I asked for before. Mr. Fraser came, and he left saying he would get it, but he has not returned yet. If Mr. Godfrey wishes, on behalf of J. F. Fraser, to call any witnesses, he had better do so now.

Mr. GODFREY.—I am only suggesting. I am stating the position of things. I am saying if an official, knowing all these things, could not do anything better, what could you do with the one before?

Mr. WATSON.—As my learned friend, Mr. Godfrey, has requested, on behalf of Mr. Fraser, that Mr. Doutre should be called, let him step forward. Let us have all the facts that possibly bear upon the matter.

CECIL DOUTRE, sworn.

By Mr. Watson:

Q. You are the purchasing agent?—A. Yes.

Q. Acting since when?—A. Since some time in April.

Q. When?—A. Of this year.

Q. 1908?—A. Yes.

Q. It has been suggested here, on behalf of the Northy Company, and on behalf of J. F. Fraser, that during this year you have recommended contracts to be made with that company for the purchase of the diaphones and plant, and that you have considered the prices and adopted the theretofore existing prices?—A. I have not.

Q. Have you in your official capacity had occasion to investigate the matter at all?—A. No.

Q. Not at all?—A. No, except in a very minor way. I know nothing about the diaphone plant.

Q. Do you know anything about the price or cost of it?—A. As to the cost of the plant I do not know. I know the tender price.

Q. What is that?—A. I cannot tell you off hand. I have a record in my office.

Q. You have a record of what?—A. Of all the tenders received. We called for tenders this year, and I, as purchasing agent, have a copy of all the tenders received.

Q. Tenders were received and one tender was accepted?—A. The tenders were received, and a summary was made of the tender prices and submitted to the chief engineer for report.

Q. Anything done upon that?—A. Yes, it was reported that in view of the fact that they absolutely required some fog signal apparatus, that the department should buy such apparatus as we immediately required from the Northy Company at their prices, in view of the fact that they were the lowest tenderers.

Q. How long does that continue for?—A. That was only until the department should decide what action they would take in connection with future purchases of saphones, or other sound producing devices, but some fog apparatus was required immediately; it was simply to cover immediate requirements; no contract was entered into.

By Hon. Mr. Cassels:

Q. Filling a temporary want?—A. Yes.

Q. Leaving the whole thing open—A. Yes.

By Mr. Watson:

Q. I suppose the government is awaiting the report in regard to this investigation?—A. Undoubtedly. I assume that was the intention in not coming to any definite decision in regard to the tenders received.

Q. That is the position you have taken?—A. Yes.

Q. You are awaiting further information?—A. Yes.

By Mr. Godfrey:

Q. Can you get the other tenders that were put in?—A. We have them in the department.

Q. I would like to put them in to your lordship?—A. I will be pleased to.

Hon. Mr. CASSELS.—It is not disputed. Nobody is disputing that it is a good signal, and perhaps that you cannot get anything else for the price. That is not the point. There may be no dishonesty at all. It may be ignorance of the patent law, but the point is this: While the government are getting a great benefit from the thing, they could have got it at a greatly reduced price.

Mr. GODFREY.—As to what I am interested in, you would have to show a knowledge of the statute—

Hon. Mr. CASSELS.—That is a matter for later on.

By Mr. Godfrey:

Q. I would like you to bring over a copy of the tenders received?—A. Yes, do you want to examine me any further?

Mr. WATSON.—No, just send them over. So as to avoid any possible misunderstanding in the question afterwards, I would be glad if Mr. Northy has now, after further reflection, any further statements to make in evidence, that he would come forward and make them; and the same with Mr. Mearns.

JOHN P. NORTHY, recalled.

The government is asking us to develop a large instrument at a certain point, or a particular purpose, and we have agreed to put this plant down there, the largest plant ever made in the world, and go through that, and there are other points in connection with it, which, while getting a new patent, I would be very backward about going down there and showing how to do this thing, if I cannot get a fair profit. I have done it at Eastern Cape and at Toronto, and it is not patented yet.

By Hon. Mr. Cassels:

Q. You have some new invention for which you may take a patent?—A. I have.

Q. It is not yet patented?—A. No.

Q. And you are hovering to see what profit you can get?—A. Yes; if I cannot get \$5,000 for doing that, I shall tell them the test is off.

Q. What have I to do with it?—A. Well, I have something to do with it.

Q. That is a business proposition?—A. I cannot go down there and spend \$3,000 and get nothing.

Hon. Mr. CASSELS.—I think your statement is a most reasonable one.

Mr. WATSON.—I am trying to be very particular about this, because after the last sitting Mr. Northy thought it necessary to direct a communication to the newspaper about matters that had not been disclosed; so I wanted that every possible opportunity should be given now, no afterthoughts or afterclaps.

Mr. NORTHY.—We won't write another one this time. We will wait till his lordship's judgment is out, and perhaps we will take it up.

Hon. Mr. CASSELS.—That is putting me in terroram.

FRANK S. MEARNS, recalled.

I wish to make a statement.

By Mr. Watson:

Q. These are from your own personal knowledge?—A. Yes, I shall make them. I will have to refer to this to refresh my memory. Mr. Northy originally secured five patents; one of these patents was the basic patent of the diaphone. The contract that has been fyled between himself and the Hamilton Fog Signal Company covers the royalties. After obtaining that basic patent, Mr. Northy was about developing the instrument, and spent a considerable time, and eventually invented a new system entirely.

Q. Are those not matters for Mr. Northy?—A. I have knowledge of that being done, being associated with Northy at the time.

By Hon. Mr. Cassels:

Q. Is that the invention he has just spoken of?—A. No, that was his first invention; and I might say that all the diaphones sold to the department were manufactured under Northy's invention, the basic patent not being of any recognized value.

Q. Have you got that basic patent?—A. I have an assignment of it but not the original patent.

Q. From whom?—A. Hamilton Foster Fog Signal Company.

Q. How could Northy have invented what was assigned to him by the Hamilton Company?—A. He invented an improvement to it; prior to that it was not valuable.

Q. The improvement was assigned by the Hamilton Fog Signal Company?—A. The original invention was assigned.

Q. You say Mr. Northy invented something?—A. An improvement.

Q. Have you the patent for that improvement?—A. I have it here. (Exhibit 459.) This is it, and I have an assignment of it here, which was registered at that time or shortly afterwards.

By Mr. Watson:

Q. This original royalty agreement covers all future payments?—A. I might state that the diaphone manufactured under the basic patent was considered by the engineers of the department I understand, and it was of no value; they could not manufacture three-inch standard size to give any satisfaction with a reasonable amount of power.

Q. Then is he paying royalty under the agreement on these new patents?—A. Oh, no, simply under the basic patent.

Q. But is he paying a royalty under the old patent upon all the diaphones made partially under the new patent?—A. Yes.

Q. So that that agreement covers all diaphones, whether under the amended patent or not?—A. Yes, that is right. So that the first diaphones sold to the government were manufactured under that improvement. Then after the issue of that patent Northy was about developing it still further, and eventually, in 1905, he invented a further invention, and a patent was issued. I have not the patent, but the number is 7,617, issued February 20, 1906.

By Hon. Mr. Cassels:

Q. You can send it down, I suppose?—A. Yes; I can get a copy. (Exhibit 460.) Up to that time the development went on, and culminated in this patent I have referred to being issued, which enabled about between 30 and 40 per cent of machinery formerly used in operating the diaphone to be released, and all the plants that had been supplied prior to that time with this machinery, that amount of machinery was released and used by the government in other stations, to have new stations equipped. There was also the consequent saving of fuel by the releasing of that amount of machinery, and in the larger stations there was a saving of labour, and I think there was a saving of one man. I understand that to be the fact. The releasing of that quantity of machinery was a great saving to the government. It was estimated by Mr. Northy, and he has stated the amount, I believe, and also the fuel. There is one point that I think should be brought out clearly, and that is that the cost of the diaphone should properly include all the cost necessary to instal it, and should not be confined to the manufacturer's cost alone. The diaphone is a machine of scientific quality. It is something new and recognized as something new.

By Hon. Mr. Cassels:

Q. Does your tender include installation?—A. Yes, but what I mean is this: that when you are estimating the actual cost of the diaphone, it should not be restricted to what is simply paid to the manufacturer for making the instrument. We have to put it under a system of test, and all that kind of thing, and ultimately, while it might originally cost the minimum price, \$220 for each three-inch standard diaphone, yet it costs us a very large sum to put it in shape to be forwarded to the station, and that has been estimated at somewhere between \$2,000 and \$2,600. Those items are shown in the statements filed; so that instead of costing only the \$220 and the royalty, and some other extras, it will cost the sum I have mentioned. When the price of \$4,600 was fixed first, it was after comparing with a Syren, and the plant to go with it in operation, could be purchased for. This can be illustrated by a photograph. The Syren weighs 9,280 and the diaphone 87 pounds. The distance the Syren is heard is $\frac{1}{2}$ miles and the diaphone $6\frac{1}{4}$. The horse-power necessary to operate the Syren was $14\frac{1}{2}$ horse-power, whereas the other—

Q. Do you know about that, or are you just reading it?—A. That was the government test.

Mr. NORTHY.—I saw it myself.

The WITNESS.—Up to that time we tendered in 1905, there was no separation of the diaphone from the plant, and what was purchased from us was a going concern.

By Mr. Godfrey:

Q. Could you fix that date exactly?—A. The tenders were put in on the 11th September, 1905, and the contract was not formally made until the following spring and was made by the present minister. That I understand comes before council and all that; but the tender was put in in September, 1905. That was the first time the diaphone was asked to be separated from the plant. There is a blue book, the report of the commission in England, which shows the prices paid there for a Syren, and the same carrying power, with the plant necessary to operate it.

Q. That is all down?—A. There was some statement made by some person in regard to the manufacturer's cost of the diaphone which was quite inaccurate, because they only included one or two parts of the diaphone. There are six parts altogether

of the diaphone and its accessories, which include the diaphone proper, the operating valves, the timing device, the resumator, and the piston, which operate in the cylinder. The minimum price we have paid was \$220, and the maximum was \$330, but the bulk of the orders were of the larger price. It is only recently these prices have been reduced. The diaphone, I may say, is a permanent equipment: it will last for 25 or 30 years, possibly longer, without any repairing, except the piston, which is an inexpensive part of it, and we have never charged anything for repairing the piston up to the present time, I understand. The diaphone is not liable to get out of order, the same as the other sound-producing devices. The siren is continually getting out of order, and requires a good deal of expense to get into operation. It is liable to mislead mariners, and has not the same power—

Hon. Mr. CASSELS.—I do not think anybody is questioning that.

WITNESS.—There are many other points.

Q. The only customer of this diaphone company is the government—A. Yes.

And the only business of the Fog Signal Company is the supplying of these?—A. Yes.

Q. And we have from you and Northy and others the profits you have made out of it?—A. The profits are not correctly stated. I have filed a statement showing the profits. I may say that a considerable portion of the purchases were for installation in the colony of Newfoundland, covered by Newfoundland patents.

By Mr. Watson:

Q. You stated on the last occasion that the total sales for Newfoundland up to the present time amounted to \$20,000?—A. No, \$30,000 or \$31,000.

Q. The total sales to the department here amount to something over \$600,000?—A. Pardon me for a moment; they have installed a large amount of plant in Newfoundland, which is covered by Newfoundland patents, which is quite different from Canadian patents. I file a statement showing the total volume of business done with the two governments; and also with the Canadian government.

(Adjourned till 2.15 p.m.)

The Commission resumed at 2.15.

Hon. Mr. CASSELS.—Have you brought your cheques up with you, Mr. Laflamme?

Mr. LAFLAMME.—No, in fact I have not been looking for the cheques. I have been looking for my own cheques.

CECIL DOUTRE, sworn.

By Mr. Watson:

Q. You have now produced a summary showing file 26731, tenders received for fog-alarm machinery, apparently for the air-compressing machine. There were three tenders for most of the classes specified?—A. Three or four, I think; four, were there not?

Q. Three?—A. Yes, three tenders; that is for the air-compressing machine.

Q. And this statement shows that upon the whole the tender of the Canadian Fog Signal Company was the lowest, does it?—A. Yes.

Q. Some of the items there towards the end, they were higher?—A. On the air-compressing machine they were higher.

Q. Classes D and E, they were higher?—A. Yes.

Q. Then what did you do? Did you accept their tender throughout for the different classes of the air-compressing machine?—A. We did not.

Q. You accepted their tender then, I understand, for their classes A, B and C?—A. We did not accept any tenders.

Q. What did you do?—A. When we received these tenders, we submitted them to departmental officers, in order to obtain their report, and after receiving their

report, I consulted with the acting deputy minister and the minister, and we decided, in view of the evidence brought before this investigation, that we would not take any action until his lordship had rendered his judgment, and in view of the fact that some fog-alarm machinery was required for immediate use, we decided we would buy from the Canadian Fog Signal such machinery as we required at their prices, which were the lowest; that is the complete plant.

By Hon. Mr. Cassels:

Q. Did you form any conclusion with your minister when judgment would be given?—A. No, we did not, my lord; but we did not think it advisable, in view of the evidence brought here—in fact we could not enter into any formal contract with anyone until this whole matter was thoroughly threshed out.

By Mr. Watson:

Q. That was the air compressing machine, and then you have further tenders for the air compressing machine and the sounding device coupled together?—A. Yes, we received two tenders.

Q. Canadian Fog Signal Company and the Canada Foundry Company, Toronto?—A. Yes.

Q. And which is the lower?—A. The Canadian Fog Signal Company.

Q. And did you deal with that in the same way?—A. We dealt with that exactly in the same way; in fact those were the only prices or tenders we dealt with at all, because there was no use buying the air compressing machine unless we bought the sounding device, and we bought the whole thing from the Canadian Fog Signal Company.

Q. That is the condition of affairs at the present moment?—A. Yes.

Q. In the majority of those classes and divisions the Fog Signal Company is the lower?—A. In all, where they tender for the air compressing and fog signal device, but the air compressing machine, I think there are two classes where the Canada Foundry Company quote lower.

Q. It was stated at the former sitting that the plant which accompanies the diaphone is not peculiar or requiring any special skill, and that that could be manufactured by any ordinary manufacturer?—A. Yes, any manufacturer of compressors could certainly supply them, and also the subsidiary plant, such as the tanks and valves, &c.

Q. So that practically everything barring the diaphone could be supplied by any ordinary iron manufacturer?—A. They could, of course, purchase the compressors; the key of the whole situation is the sounding device.

By Hon. Mr. Cassels:

Q. Here is the plant. Take class A for instance; the total plant and diaphone comes to \$2,760?—A. That is a different sized diaphone, I believe.

Q. You have to take the tenders for the diaphone before, and compare it with that, and have the classes put opposite?—A. Yes.

Q. That does not show the sizes?—A. No, I could easily have a statement prepared for that.

Mr. WATSON.—I think this is the first book put in exhibit 443. I stated to Mr. Fearn that it would look as though the preceding leaf had been taken out. He has said it was not so, and he has shown me since that apparently that is part of the system of binding; so that there is no misunderstanding about that. Then there is a gentleman from the Bank of Montreal.

CLARENCE H. CARTER, sworn.

By Mr. Watson:

Q. You are engaged in the branch of the Bank of Montreal at Quebec city?—A. Yes.

Q. In what position there?—A. In the accountant's department.

Q. Have you brought with you the books of the People's Bank?—A. I have.

Q. Let us have them please—those that were transferred over to your bank?—A. They are in this trunk.

Q. What we want is the books showing the entries in May and June and July; May and June would be enough, really—1905. I want just what would cover the matters of deposit and payment out; that is the debit and credit account of James Holliday, or Holliday Brothers?—A. Here it is.

Q. What is the book you have there?—A. The deposit ledger.

Q. Where is the index?—A. It is in front.

Q. Look and see if there is an account of Holliday Brothers?—A. Yes.

Q. That is the books of the People's Bank?—A. Yes.

Q. Is there an account of James Holliday?—A. Yes.

Q. Two accounts?—A. Yes.

Q. Look first at the account of James Holliday, if you please?—A. Yes, here it is.

Q. That is the deposit account; what deposits have you there for May, 1905? Many?—A. Perhaps ten or fifteen.

By Hon. Mr. Cassels:

Q. I suppose that is the withdrawal ledger as well?—A. Yes.

By Mr. Watson:

Q. Take the deposits first; that is for May, 1905? Read them out, with the dates, please?—A. May 4, \$139.70; May 5, \$39.75; May 8, \$17.30; May 10, \$53.10; May 13, \$83.50; May 15, \$201.30; May 16, \$16.16; May 19, \$14.91. That is all in May.

Q. Those were the deposits made in that account?—A. Yes.

Q. Have you got the withdrawals during that month on the same page?—A. Yes.

Q. Read those, please?—A. \$48; \$158—

Q. The dates are not given?—A. Yes.

Q. Better give the dates?—A. May 1, \$48; May 1, \$158; May 1, \$1,500; May 8, \$37; May 10, \$50; May 10, \$39.75; May 15, \$100; May 15, \$10; May 16, \$25.84; May 16, \$20.80; May 16, \$20.75; May 17, \$191.04; May 17, \$26.76; May 17, \$18.05; May 18, \$100; May 20, \$20; May 20, \$39.50; May 22, \$27.50; May 22, \$25; May 22, \$54.50; May 2, \$66.25; May 22, \$20.10; May 23, \$53.70; May 25, \$7.50; May 25, \$6.48; May 26, \$16.25; May 27, \$20; May 29, \$63.50; May 31, \$200; May 31, \$15; May 31, \$11.90. That is all in May.

Q. How did the account stand at the end of May?—A. He had \$5,653.88 to his credit—no, I beg pardon; it is to his debit; it is not marked here.

By Hon. Mr. Cassels:

Q. Whose account?—A. Holliday Brothers.

By Mr. Watson:

Q. \$5,653.88 to his debit?—A. Yes, it is not carried down there. From our books, when it does not show a debit, we understand it is a credit.

Q. On the same page you have the general account, deposits and withdrawals?—A. Yes.

Q. Just run over them please, with the dates?—A. June 16—

Q. Is there not one before that?—A. No.

Q. This is 1905?—A. 1905.

Q. Go on?—A. June 16, \$451.91; June 16, \$25.34; June 20, \$1,683.19; June 24, \$52.92; June 24, \$427.21; June 26, \$382.43; June 27, \$482.30; June 29, \$127.43; June 29, \$4,953.45; June 30, \$2,729.29.

Q. Is that the end?—A. That is the end of June.

Q. That is the deposits?—A. Yes.

By Hon. Mr. Cassels:

Q. You have not given the withdrawals?—A. No.

By Mr. Watson:

Q. Then the withdrawals for June?—A. June 2, \$278.08; June 5, \$344.88; June 6, \$220; June 6, \$63.50; June 15, \$40; June 15, \$20; June 19, \$66.50; June 19, \$371.01; June 19, \$282.50; June 20, \$73.60; June 20, \$30.55; June 20, \$39.89; June 20, \$22.15; June 20, \$18.85; June 20, \$30; June 20, \$60; June 22, \$100; June 22, \$113.66; June 23, \$2.25; June 23, \$28; June 23, \$36.20; June 23, \$12.50; June 23, 26.50; June 23, \$52.45; June 24, \$10; June 24, \$121.91; June 26, \$109.70; June 26, \$123.63; June 26, \$35; June 27, \$29; June 27, \$14.60; June 29, \$64.40; June 29, \$30; June 29, \$35.56; June 29, \$120.19; June 29, \$75; June 30, \$67.58; June 30, \$22.05.

Q. What date is that?—A. June 30.

Q. And that is the last?—A. That is the last debit.

Q. Then there is a discount?—A. A discount, yes; I included those with the deposits as credits.

Q. You have not made a copy of that have you?—A. No.

Q. Are there many discounts in the deposits that you have mentioned? Are there many discounts included? There are eight or ten apparently each month?—A. Each month—perhaps not as many as that; three or four.

Q. Where is the account after this, after the end of June, 1905?—A. Apparently—

Q. Balance U. L. or M. L.?—A. New ledger.

Q. Now, at the end of June what was the condition of the account?—A. He had a credit of \$624.87.

Q. When did the Bank of Montreal take over the People's Bank?—A. On July 4, 1905.

Q. Just look at those two cheques of June 2, 1905, which were sent by letter on June 16, and should have reached Quebec the following day, I would think, in the ordinary course; one of them is for \$20,792.25. Is there any deposit similar to that? Of course there is not from the statement you have read in the month of June?—A. Not in Holliday Brothers, May and June. They have two accounts, you know.

Q. Let us see the other account?—A. Yes.

Q. Another account of Holliday Brothers?—A. Yes, called steamer account.

Q. That is at what page?—A. 196.

Q. I see that is apparently a shorter account; will you run over the deposits and withdrawals for the month of May, with the dates?—A. May 3, \$216.01.

Q. You are giving the deposits now?—A. Yes. May 8, \$291.50.

Q. When you come across a discount, just mention it, as distinguished from the other?—A. 10th, \$30.75; 16th, \$75; 17th, \$875.65; 18th, \$178.16; 25th, \$239.50; 25th, \$427.62; 30th, \$425.62; 30th, \$805.14; 31st, \$59.75. Those are the deposits.

Q. And the withdrawals for the month?—A. May 4, \$139.70; May 5, \$5.05; May 11, \$50; May 18, \$17.15; May 18, \$178.16; May 20, \$100; May 22, \$114.01; May 23, \$607.82; May 26, \$30; May 30, \$14; May 30, \$15.80; May 31, \$200.

Q. How does the balance stand at the end of that month?—A. \$12,115.95 over-drawn at the end of that month.

Q. Take June the same way?—A. June 3, deposits first: \$197.76; June 6, \$317.36; June 13, \$601.85; June 17, \$30,300.

Q. \$30,300?—A. Yes.

Q. I thought it amounted to \$30,400. Those two cheques amount to \$30,400, and the credit there is \$30,300?—A. Yes.

Q. What date is that?—A. June 17.

Q. Go on, please?—A. June 19, \$544.80; June 20, \$239.25; June 20, \$63.27; June 21, \$15.20; June 26, \$336.33; June 29, \$95.65.

Q. Then the withdrawals?—A. June 2, \$40; June 5, \$36.93; June 6, \$700; June 9, \$50; June 15, \$21.10; June 17, \$1,000; June 17, \$36.20.

Q. June 17, \$1,000?—A. Yes.

Q. Go on?—A. June 17, \$1,000; June 17, \$36.20; June 17, \$13.50; June 17, \$10; June 17, \$184.15; June 19, \$4,018.86; June 20, \$66.50; June 20, \$540; June 20, \$60; June 21, \$29.56; June 22, \$25; June 23, \$199.83; June 24, \$27.50; June 24, \$400; June 29, \$75; June 30, \$119.59.

Q. What is the balance at the end?—A. Credit, \$3,066.72.

Q. Is that account continued in another part?—A. Yes, new ledger.

Q. Let us have that, please?—A. I am afraid I have not got it. I was asked to bring the books of May and June.

Q. You did not bring that?—A. No.

Q. That would apparently run for four days?—A. Yes.

Q. You have not got that?—A. No.

Q. When you return—you are coming back at once—would you send up a copy of that certified by yourself?—A. Yes.

Mr. WATSON.—Your lordship will be willing to take that?

Hon. Mr. CASSELS.—Oh, yes.

By Mr. Watson:

Q. That is the same system we have now taken, deposits and withdrawals with the dates and amounts?—A. Yes, simply the steamer account.

Q. Both accounts?—A. Yes.

Q. Is there any other account of Holliday Brothers?—A. Apparently not, from the index.

Q. Is there any other account of James Holliday?—A. Apparently not from the index.

Q. Or special account?—A. Any other special account? How would a special account appear there—special steamer account, or anything of that kind?—A. A man, in order to identify his account, sometimes has 'special' marked opposite it, or 'number one' or 'number two.'

Q. Is there anything to indicate anything of that kind with regard to Holliday Brothers or James Holliday account?—A. Just these two I have mentioned.

Q. Would you look at the letter 'S' and see if there are any special accounts 'there to be identified with him or his firm?—A. I will run through the index. I see there is a 'spot cash' account. I do not know what that would be.

Q. That is interesting for a bank?—A. That is the name of a cigar factory, apparently.

Q. I never heard of buying a cigar on credit?—A. That is apparently all.

Q. Let me ask you. There is evidence that the cheques of the firm for that month were left in the bank. If that is so, they ought to have found their way over to your bank, the Bank of Montreal. Have you found any?—A. No, I found no cheques of Holliday Brothers.

Q. Was there a search made?—A. A search was made, not as diligent as might have been on account of the time that I had.

Q. But at all events, you are not able to find any cheques?—A. No.

Q. Did you find any bank book Holliday Brothers or James Holliday?—A. No passbook.

Q. No passbook?—A. No.

Q. Then there is no account of James Holliday there?—A. Not in this ledger.

Q. Is there any other book, then, to which you can refer of the People's Bank that would contain any reference to accounts of Holliday Brothers?—A. I have a savings ledger.

Q. Would you please turn up the account in that book of Mr. VanFelson for May and June. That would be a matter of withdrawals. I do not want to go into VanFelson's private affairs?

Hon. Mr. CASSELS.—Unless there is a deposit of \$3,000.

By Mr. Watson:

Q. Well, deposits of \$1,000 or \$3,000. Take May and June?—A. This is it.

Q. There is a credit of \$500?—A. Yes.

Q. That is May?—A. Yes.

Q. That is the credits. Now look at the debits. These are all sums under \$300, chiefly under \$100, small sums. So that in May all the withdrawals are under the sum of \$200. That is right, is it not?—A. Yes.

Q. Then look at June. Where does June start?—A. There.

Q. What date is that?—A. 13th.

Q. Deposit 19th, \$501.75?—A. Yes.

Q. Then look at the withdrawals for June. There is \$335. Apart from that there are two withdrawals exceeding \$100 and less than \$200?—A. Yes.

Q. Any other account of Mr. VanFelson's?—A. There seems to be nothing.

Q. Is there any savings account of Mr. VanFelson's?—A. I could not say without looking at the ledger.

Q. Then look at Mr. Gregory's account in this book. Where do you start?—A. May 1st.

Q. What are these?—A. Debits, cheques.

Q. The first is 16th May, \$590?—A. Yes.

Q. Where is the next one?—A. That is all in May.

Q. May 21, \$482?—A. That is June.

Q. Nothing in May and nothing in June except on the 21st June, \$482?—A.

Yes, that is right.

Q. Where are the withdrawals?—A. There is another deposit.

Q. Then there is a deposit in June, \$11,263?—A. Yes.

Q. What date is that?—A. June 22.

Q. Take the withdrawals in May?—A. Here they are: \$2,000, Sampson; and Murphy and Thibideau and Lavoie.

Q. Those are merchants?—A. Yes.

Q. And June?—A. That takes us right through.

Q. Then look through the savings account, will you? There is nothing in any of those to trace a deposit or a payment of a sum of \$3,000 in the month of May or June?—A. Nothing there that we have looked through.

Q. There is one payment of \$1,000 and that is all?—A. Yes.

Q. Have you the savings account: I suppose that will be short?—A. Holliday

Brothers seem to have an account number 123.

Q. Is that all there are in it?—A. Yes, it seems to be all.

Q. There are two entries, a debit and credit, amounting to a little over \$100?—

Yes. Sometimes when the ledger is filled up, we transfer them back. Evidently this is from the old ledger, balance brought forward.

Q. Is there any savings account for Mr. VanFelson?—A. Page 108.

Q. That is practically nil?—A. Balance brought forward.

Q. Just a few cents?—A. Yes.

Q. Look at the other one?—A. Page 92.

Q. There is nothing in that?—A. No.

Q. Then page 124, that is quite a long account?—A. Yes.

Q. Where is May and June?—A. Here.

Q. May deposits, \$30?—A. Yes, sir.

Q. That is a sort of personal account?—A. Yes.

Q. Small sums and names and members of the family opposite the payments?—

A. Yes.

Q. Look at Mr. Gregory's saving account?—A. Apparently he had none.

Q. Is that all the information you can give?—A. Yes. I have been going through the vouchers on Saturday afternoon; I came across some of Mr. Gregory's cheques, and Mr. Coburn thought I had better bring them along.

Q. Let us see them, please?—A. (Cheques produced.)

Q. Do you find any cheque there of Mr. VanFelson, or to any official of the Department of Marine and Fisheries? You have gone over them?—A. Yes.

Q. Here is a cheque to Captain O'Farrel, what date?—A. 1st of May, 1905, \$75.

By Hon. Mr. Cassels:

Q. Who has signed it?—A. Mr. Gregory.

By Mr. Watson:

Q. Any other official?—A. I am not prepared with the names of all the officials.

Q. I see a cheque to A. C. Hamel?—A. I think it is.

Q. There is a gentleman of that name, so I am informed, in the office there. Any other one?—A. Mayhew.

Q. Cheque to Mayhew?—A. Yes.

Q. What date is that?—A. 16th May.

Q. \$400?—A. Yes.

Q. There is another cheque May, 1905, \$50, endorsed by Mr. Mayhew?—A. Yes.

Q. Any others?—A. 6th June there is one for \$200.

Q. To whom?—A. P. J. Mayhew.

Q. Any others?—A. Those are the only officials whose names I am familiar with, whom I know.

Mr. WATSON.—I will just file this. There are one or two others more or less in connection with the former accounts.

(Exhibit 465).

By Hon. Mr. Cassels:

Q. Why did Mr. Coburn suggest bringing the cheques up?—A. He thought they might be of use.

By Mr. Watson:

Q. These are the only cheques that you found?—A. That is all.

Q. No other cheques for May or June?—A. No.

Q. Of Gregory's?—A. No.

Q. Do you know how many cheques there are?—A. Yes, I have a memo of them here.

By Hon. Mr. Cassels:

Q. Was the clearing house system in force in the bank?—A. Yes.

Q. In May and June, 1905?—A. Yes.

Q. The cheques would be sent back to the bank?—A. Yes.

Q. Any cheques drawn on your bank or the People's Bank might be cashed in another bank, and charged up and returned to your bank next day?—A. Yes.

Q. Is there any continuation of the account of Holliday Brothers in the Bank of Montreal?—A. I do not know, my lord.

Q. You might look that up when you go back?—A. Yes.

By Mr. Watson:

Q. Send up any entries of withdrawals in the Bank of Montreal after that date in these accounts?—A. I will.

Q. Did VanFelson keep an account with you in July?—A. I presume he must have. He went over to the Bank of Montreal after the People's Bank—

Q. You might do the same with the account for July?—A. Yes.

Q. Did Gregory get over to your bank, too?—A. Just for a short time.

Q. Just do the same with him?—A. Yes.

Q. Mr. Ritchie asks me to ask you how much was the amount of the overdraft at the date of the deposit of that \$30,300?—A. Altogether?

Q. Before that deposit, how much was the overdraft?—A. On June 15, \$23,727.49; the 16th was evidently a Sunday, and 17th is the next day.

Q. On the 17th there was a surplus then of \$19,000?—A. No, on the night of the 17th there was \$7,000 credit. There had been some cheques through the day on the 17th.

Q. There were some cheques that reduced that?—A. A note of \$10,000.

Q. What about the note of \$10,000?—A. There was also a note of \$10,000.

Q. That was charged—A. Charged on the 17th.

By Hon. Mr. Cassels:

Q. Made when? When was it made?—A. This discount register only goes back to April 1905, and it is not there.

Q. It was before that—A. Yes.

By Mr. Watson:

Q. Look at that account again, that payment of \$10,000 on the 17th June; are the numbers of the cheques usually taken? Is there a number?—A. There is a number there.

Q. For the cheque?—A. Yes, I presume it is the number of the cheque.

Q. What is the number?—A. 81.

Q. Let me see how it is entered?—A. The systems vary in banks; we enter no numbers at all.

Q. Particulars, 81; that would seem to be the number of the cheque?—A. Yes.

Q. Do you find any cheque 80?—A. Yes, on the 17th.

Q. On the 17th June you find another cheque 80?—A. Yes, sir.

Q. How much is that cheque?—A. \$13.50.

Q. Then you have 82, \$36, and you have 80, 81 and 82; I do not see—A. There is 84.

Q. We need not follow it on through; where is the one before this?—A. There is 81; the one previous to this is 75.

Q. You do not see 79?—A. No.

Q. So that evidently that is so?—A. Yes.

Q. Have you any paper in your possession to show whether that cheque of \$1,000 was drawn on your bank or cashed by another bank, and when they were settling up in the clearing house, charged?—A. It must have been drawn on this account.

Q. A man might draw \$1,000 on your bank and then he might go to the Quebec bank and get it cashed, and the cheque would be returned to you next day and charged up?—A. Yes.

Q. Have you any record to show that?—A. It would be in the supplementary cash-book.

Q. Have you any record?—A. The cheques that come in the morning are generally together, and the first entered in the supplementary in the morning might be there.

Q. I would like to see whether that cheque was cashed directly at your bank or cashed at another bank and charged up to your bank?—A. I will look and see.

By Mr. Watson:

Q. That cheque of \$1,000 is numbered 81, and cheque 80, \$13.50, and cheque 82, for \$36.20, so that the three cheques concurrently, 80, 81 and 82 were for these respective amounts. That will do for the present. You might look up the other point his lordship spoke about?—A. We have not the supplementary cash book here. There may be an entry for clearing house—

By Hon. Mr. Cassels:

Q. Whether there was clearing house or not, the same system was followed?—A. Yes.

Q. I should like to see whether that \$1,000 cheque was a cheque originally drawn on the People's Bank, or whether it was a cheque cashed at another bank, drawn on your bank, and sent over by the other bank to your bank?—A. Yes.

By Mr. Watson:

Q. That is all you can do?—A. Yes.

Q. Any other books that contain any other entries that bear upon it?—A. I brought the books that would be used for the day, the books that would be necessary for banking transactions for one day, covering that day. I have not had time to look through them.

Q. If a cheque was in hand and held, would there be any record made of it?—A. Held in the teller's cash, do you mean?

Q. Yes?—A. It might be and might not. It might be held in with the bank notes, or it might be mentioned specially.

By Mr. Laflamme:

Q. Do you remember the time when this Commission was at Quebec, in the early part of November?—A. Yes.

Q. Do you remember about that time seeing Mr. VanFelson and Mr. Holliday together at the Bank of Montreal?—A. I do not.

Q. Do you know whether Mr. VanFelson alone came to examine the books which you have before you now?—A. I do not.

Q. Now, Mr. Carter, supposing that \$1,000 cheque, which is entered on the 17th June, 1905, had come through the clearing: that is to say, assuming the cheque had been cashed in some other bank: seeing that the cheque was entered on the Monday, on the 17th June, would leave no doubt in your mind that the cheque would have been discounted on a Saturday, on the 15th?—A. I do not know the date of the cheque.

Q. But you have told us the date upon which it is entered on the 17th?—A. Yes.

Q. And you said that was a Monday?—A. I presume it is. There is no 16th there, and every other day seems to be accounted for.

Q. Well, that was a Monday, and if the cheque had been discounted in some other bank but the bank upon which it was drawn, it would lead you to the conclusion that the cheque had been discounted on the previous banking day, that is Saturday; in the ordinary course of business?—A. No, I cannot say that it would.

Q. It would be rather exceptional if it had not been?—A. It would be exceptional.

Hon. Mr. CASSELS.—I do not think Sunday was the 17th.

By Mr. Laflamme:

Q. I understood 17th was a Monday.

Hon. Mr. CASSELS.—I think he is wrong. We know Saturday was the 13th May.

Mr. LAFLAMME.—13th June.

Hon. Mr. CASSELS.—13th May; follow it up. Thursday would be the 1st June, Saturday would be the 17th.

By Mr. Watson:

Q. In the ordinary course, if your bank cashes a cheque in another bank, you send it over without any delay; you are obliged to do so without any delay?—A. You get it marked.

Q. And when it is marked it is charged against the account?—A. Yes.

Q. So that if you get my cheque or somebody else's on another bank, you do not hold it and play with it, but you put it in as quickly as possible?—A. Yes.

Hon. Mr. CASSELS.—I have looked it up. Saturday was the 17th, if this book is correct.

Mr. WATSON.—Mr. Perron informs me, and shows me a telegram from VanFelson, indicating he would like to be recalled, and yesterday evening a telegram was sent to him by Mr. Perron saying if he had any further material evidence to give, by all means to attend. I see he is here. If he has any further evidence to give, and considers it material, of course it is very desirable it should be given.

ARTHUR B. VANFELSON, sworn.

By Mr. Watson:

Q. What do you wish to say?—A. It is simply to hand in a document, evidence of Holliday's return from England on the 8th May, as proven by—

Mr. WATSON.—Let us see what it is.

Hon. Mr. CASSELS.—It would have saved us a lot of trouble if you had told us at the other day. I had to make enquiries myself about when the steamship came in.

WITNESS.—I said it in my evidence.

Hon. Mr. CASSELS.—I beg your pardon. I did not know you had stated it.

WITNESS.—I just want to file that.

Mr. WATSON.—This is a certified copy of a deed taken before a notary public, Mr. Edward G. Meredith on the 8th day of May, 1905, certified a true copy by Mr. Meredith. This shows that James Holliday, of the city of Quebec, merchant, as such carrying on business under the name of Holliday Brothers, appeared before me and entered into a certain obligation, etc. That may be put in. That shows that he was here on the 8th May. (Exhibit 466.)

WITNESS.—That document refers to a power of attorney. There was actually no power of attorney given; it was a cable from Mr. James Holliday to his brother William, to ask me to assist him to raise a certain amount of money.

Q. Do you think we want to go into that?—A. But that refers to a power of attorney, and I want to state what kind of power of attorney it is, because Holliday says he had given powers of attorney, and am here to prove what they were.

Q. Have you got them?—A. No, Holliday Brothers have got the telegrams or cables asking me to do that; that is the only power I had relating to that, and he notified the agreement on his return. The power of attorney given to me by James Holliday to dissolve partnership with his brother was given on the 16th January.

Q. What evidence have you of that?—A. I went to Mr. Taschereau's office, a notary, and he was absent but I have that note here given to me by Mr. Meredith giving me the dates. I want to prove by that that I had no general power of attorney. It was inferred by Mr. Holliday that I was acting for him under power of attorney.

By Hon. Mr. Cassels:

Q. What bearing do you think it has on this case?—A. I thoroughly understood and inferred that I had signed the cheque and drawn the money, and I never signed the cheque for Holliday, and here is Mr. Meredith's note to that effect, and the third power of attorney I had is filed with the government; it is on the regular form. Those were the only powers of attorney I ever had.

By Mr. Watson:

Q. This note would not be any use. You can leave it, but it cannot be filed. Any other statement you wish to make?—A. No, my lord. I do not say anything besides producing these documents, and I wished to be present for the examination of the books, for the simple reason I knew my own account was going to be examined, and I wished to hear it.

By Hon. Mr. Cassels:

Q. Have you tried to trace up the cheques?—A. Yes.

Q. Since you went away?—A. Yes.

Q. How many banks did you go to?—A. I went to the Hochelaga Bank, and they very kindly—

Q. Never mind that?—A. I found nothing, and went to the Bank of Montreal and found they had been subpoenaed up here.

Q. What did you find?—A. Found no cheque, and I went to the Quebec Bank and found the teller who was at the cash at the time, and I asked him to look up the matter for me, for the information of the court, and he said he would let me know.

Q. And he has not let you know yet?—A. Not yet.

Q. Did you try to find out who the tellers were, you say, gave you that money?—A. Yes.

Q. Who?—A. I went to the Nationale, and found the teller who was then in the box to be there at present, and he stated—

By Mr. Watson:

Q. What is his name?—A. I had his name and—

Q. Is he coming here?—A. No, sir.

Q. Did you ask him to come?—A. No, he said he could not swear to anything. I did not ask him to come, and the same with the teller of the Bank of Montreal. Mr. Carter was present when I spoke to the teller of the Bank of Montreal, and he said he had changed cheques for me, but he could not swear to the dates or any thing; the only teller I found who could give me some satisfaction—and he asked for time to look it up—was Mr. Horwood.

Q. Of the Quebec Bank?—A. Yes.

Q. He is coming here, is he?—A. I told him if he was required we would wire him.

By Hon. Mr. Cassels:

Q. It seems to me it is a matter of great moment to you to try and substantiate the fact that you get the money?—A. If it is the wish of the court he should come and he can bring that evidence, I will be very much pleased.

By Mr. Watson:

Q. There is no other fact or circumstance?—A. No, sir, nothing else.

Q. To your knowledge that bears upon it?—A. No, except that I desired to come and be here when the books were examined, and one of my great reasons was to meet the wishes of the honourable commissioner to assist you in coming to the truth in this matter.

By Hon. Mr. Cassels:

Q. Did you try to get any evidence as to whether during the months of May and June Mr. Boudreau was in Quebec?—A. Yes, sir.

Q. Did you succeed?—A. And I have some doubtful answers yet, but I cannot put them to the court until they are verified. I was going further; after I had seen the three banks, and I found the Bank of Montreal had been subpoenaed, I was going to Fraserville to see a clerk who is now in the Bank of Montreal, Fraserville, who was then the teller of the People's Bank of Halifax.

By Mr. Watson:

Q. I do not think we need go into matters passing through your mind. Is there any other fact or circumstance of any importance that has occurred to you, bearing upon these matters?—A. Nothing that I thought of.

Q. You have had two or three days in which to refresh your recollection?—A. On matters down below.

Q. Did you have that account of \$30,400 that was sent to the department away in the autumn previous?—A. No, sir, I did not have it.

Q. You never saw that account?—A. Yes, sir, I think I saw it.

Q. Did you see that account before it was sent in?—A. No, sir.

Q. I think you stated before that you knew that that account was sent in at \$200 a day was reduced by \$20 a day?—A. Yes.

Q. Reduced by Mr. Gregory?—A. Yes.

Q. After some consultation with you, or at all events, he informed you about it?—A. No, sir, Mr. Holliday informed me.

Q. But you did not see the account yourself?—A. No.

Q. I think you said the other day that you knew from Mr. Gregory as well that the account had been reduced by him?—A. Holliday came to see me, and I went to Mr. Gregory.

Q. So that you knew that Mr. Gregory?—A. Well, we had quite a misunderstanding about it.

Q. A little falling out?—A. A little wrangle.

Q. About reducing the account?—A. Yes.

Q. When was that?—A. I could not exactly remember the date.

Q. Between the 5th of June, or before the 5th June, you recollect you said the other day, that the occasion that Mr. Boudreau went to your bank was between June 4th and 10th, those two days inclusive; that was the best of your recollection?—A. Yes.

Hon. Mr. CASSELS.—The 4th and 10th.

Mr. WATSON.—He said the 5th, and then he reduced it to the 4th.

WITNESS.—I said the 4th was a Sunday.

Q. Before the 5th June had you any information about the account from Mr. Holliday or any one else?—A. I might have had.

Q. Did you as a matter of recollection have any information about it?—A. In what way?

Q. In any way, good or bad?—A. Well, I tell you, I knew some time previous the account was to be reduced.

Q. That it was to be reduced from \$200 to \$180?—A. Yes.

Q. But then it had been reduced at that time to \$180?—A. Yes.

Q. At any time within a fortnight before June 4 had you any communications with regard to it at all?—A. I cannot remember, sir; if you have something to—

Q. Did you write to the minister about it at that time?—A. I think some time the end of May or beginning of June, I do not remember exactly the date, you ought to have my letters on record; Mr. Holliday and I had had a conversation over the delay in the account.

Q. And, according to your recollection, did you do anything?—A. Well, there was a question of it having cost them some interest: we thought the government ought to allow him the interest.

Q. Who thought?—A. Holliday and I, in talking over the matter, thought that, and, if I mistake not, I think I had some communication with the department.

Q. When?—A. I could not give you the exact date, without referring to the books, the letter book.

Q. Could you tell whether that was March, April, May, June or July?—A. If I had the bank's books—

Q. As a matter of recollection, could you tell?—A. Well, as I can remember, sir, it was some time before the payment of the \$30,000: I could not say if it was a month or six weeks or two weeks or ten days: it was some time before, to the best of my knowledge.

Q. Do you recollect anything that you did in connection with that?—A. If I am right—I must say that I think I wrote to the department—

Q. Did you change the account?—A. Yes, sir: with Mr. Holliday we went over the matter, and, if I mistake not, I recalled the account.

Q. You recalled the account?—A. Yes.

Q. Have you been talking that over with anybody since you were here last?—A. No.

Q. You did not speak about that the other day?—A. No, sir.

Q. Why not?—A. It must have escaped my mind: three years and a half is a long time.

Q. It is a long time to remember a thing quite accurately?—A. Some things we remember, while others we do not.

Q. Do you recollect sending any letter or telegram?—A. That could be proven by the correspondence.

Q. But from recollection?—A. I recollect having some correspondence with the department.

Q. I see a telegram you sent on June 2: 'I am holding power of attorney amounts due Holliday, rents *King Edward* last season; please return accounts to me immediately.' Did you send any telegram like that?—A. I remember having a communication with the department. I could not swear if I sent that telegram.

Q. Could not tell exactly what it was?—A. I remember having a conversation with Holliday about this interest business, and as the accounts were payable to us, I remember plainly Holliday decided I should write to the department.

Q. That is June 2 that telegram was sent?—A. Yes.

Q. And at that time you would expect the account to remain open by the adjustment of the proposed increase: you expected the return of it?—A. Naturally, in asking for the account, and in sending that telegram to get the account back, you would naturally infer—

Q. That it was to remain open?—A. That we would get the cheque with the increase, or in the old way.

Q. You asked for the account to be returned?—A. Yes.

Q. So that it would be returned to you; do you recollect was it returned to you?—A. I could not say, sir; I do not remember.

Q. You could not say whether it was or not?—A. No.

Q. Your recollection is not sufficient to carry to that point?—A. No.

Q. Of course, if you asked for it to be returned, you would not be expecting the cash until it was returned and adjusted and considered at the department, would you?—A. Naturally so.

Q. You would expect that to take another fortnight or so would you not?—A. It depends how quickly they would adjust it.

Q. Have you any recollection how quickly it was adjusted?—A. It was not adjusted because we—

Q. Have you any recollection about that at all?—A. I do not think I got an answer.

Q. You are pretty sure about that?—A. Well—

Q. That is your best recollection, is it?—A. As far as I can remember, sir.

Q. Did you speak to Mr. Gregory about getting it returned?—A. No, sir.

Q. You are quite sure about that?—A. Yes; it was a matter between Mr. Holliday—

Q. And you did not mention it to anyone else than Holliday?—A. Not that I remember.

Q. If there had been a discussion between you and Gregory about it, I suppose you would no doubt remember it?—A. The discussion with Gregory was in 1904.

Q. There was no discussion with him about it in 1905?—A. No.

Q. And your recollection is you never got the account back and never saw anything of it after that?—A. After I sent it back to Ottawa.

Q. After you got the telegram?—A. I telegraphed.

Q. Did you ever get the account?—A. I think I did, sir.

Q. I thought you said you thought you did not?—A. Well, I telegraphed; I got the account back to the best of my recollection.

Q. You said a minute ago you did not?—A. I could not have understood your question.

Q. I thought the question was perfectly plain and simple, and I put it two or three times. What is your recollection now?—A. Well, I cannot remember the exact date Mr. Holliday came into the office and we talked over this matter, and a question arose if it were not just to ask the government to pay interest on that account, as it was delayed for some seven months and over seven months from the date of filing, and Mr. Holliday and I decided we would send for the account and have it corrected. To the best of my recollection—I do not want to make a mistake—

Q. Just try and think, please?—A. Yes, the account was sent back.

Q. Sent back to whom? To you?—A. That I could not tell you; anyway I know the account was in my hands when Holliday came in. I could not say if it was sent direct to me or Holliday.

Q. Either to you or Holliday?—A. It was either to me or Holliday, and we made calculation of the average interest, I could not say at what rate; I think it was six per cent, and we added it to the account and returned it.

Q. Did you return it yourself?—A. That I could not state; the correspondence would show.

Q. But according to your recollection, there was no discussion with Mr. Gregory about it?—A. No, sir, not that I know of.

Q. Not at the time?—A. Not that I can remember.

Q. Is this the account; look and see? Supplemental account?—A. I could not say, sir.

Q. There is the interest and there is a duplicate of it?—A. All accounts are made in duplicate.

Q. Well, it is in triplicate?—A. Yes.

Q. Is that the account? Did you ever see the account that was made up, or a copy of it?—A. Yes, I must have seen it.

Q. Now, then, it was an open matter, and that account is dated June 6, 1905?—A. Yes, apparently from that.

Q. Did you say anything about this interest account, this further \$1,272 to Mr. Boudreau, the day that he was in the bank?—A. No, sir.

Q. You did not?—A. No.

Q. Did you send this account before or after he was in the bank that day?—A. You say that date—the 6th?

Q. The 6th June, the date of the account I am fixing?—A. You are fixing the date of Boudreau's visit to the bank.

Q. No, I am not. You say he was there. Was he there before or after this account was made up and signed by you?—A. That I could not recollect, sir.

Q. What?—A. That I could not really recollect.

Q. Could not recollect?—A. I have not thought of this matter at all.

Q. I wanted to see how far your recollection would carry. You say that you did not speak to Mr. Boudreau about this further \$1,200, but you recollect you asked him if he had brought the cheques with him?—A. Yes.

Q. And I think it becomes a little material in the narrative as to whether he was there before or after the 6th of June?—A. I may have—

Q. Leave out the 'may have,' and tell us your recollection, please.—A. I stated in my evidence that Mr. Boudreau had come into the bank between the 4th and the 9th, or the 5th and the 10th, and I beg to call your attention to why I mentioned the 5th—

Q. Keep down to the question in the meantime.—A. Well, to the best of my knowledge, Mr. Watson, that was added after Mr. Boudreau's visit.

Q. After Mr. Boudreau what?—A. After Mr. Boudreau came to the bank.

Q. To the best of your knowledge?—A. Yes, sir.

Q. Was it an open account at the time this was added?—A. No, sir, the account as closed, but on consultation with Mr. Holliday, we thought probably we could get interest added to the account.

Q. You are saying that to the best of your recollection it was after this was made up—that it was made up and signed by you after Boudreau had been in the bank?—A. Yes, sir.

Q. Is that what you say?—A. Yes.

Q. Why do you say so?

Hon. Mr. CASSELS.—Because he would lose Lawrence's evidence.—A. No, my lord.

Hon. Mr. CASSELS.—Lawrence disappeared from the bank after that time. It was after the 6th, Lawrence's evidence disappears and falls to the ground.

By Mr. Watson:

Q. Is that it?—A. No, I made a wrong statement when I was here.

Q. What?—A. I made a little wrong statement as to dates, and I can explain it, if I am allowed.

Q. You said between the 4th and the 10th?—A. Yes; on the 4th or 5th there was a change of accountancy in the bank, and I reversed the position of the two men accidentally.

Q. Of what two men?—A. Of the two accountants.

Q. What were their names?—A. One was Mansfield and the other was Lawrence.

Q. Are you mistaken altogether as to what occurred with Lawrence?—A. No.

Q. Are you mistaken altogether as to what occurred with Mansfield?—A. No.

Q. Then what is the matter?—A. After the investigation in Quebec, it came clearly to my mind this fact, that I had referred to somebody in the office when Mr. Boudreau called, to call their attention to the fact that he came in: I was in doubt as to the party, and called first on Mr. Mansfield—

Q. Go on faster?—A. I do not want to make a mistake.

Q. All right, take your time?—A. And he told me—

Q. Since then?—A. No, no; I saw Mr. Mansfield during the end of vacation, or shortly after that; he told me he did not recollect the thing; he had arrived in Quebec on the 4th, that is why I stated the 4th was a Sunday; it was the 4th he arrived in Quebec. Then I went with Lawrence on my way to Ottawa, and that is the way the error occurred in changing one for the other.

Q. So you are mistaken about the men?—A. Oh, no.

Q. What are you referring to if you are not mistaken?

Hon. Mr. CASSELS.—He had a doubt about it.

By Mr. Watson:

Q. You now state emphatically that Mr. Boudreau was there before the 6th of June?—A. Very early in June, from the end of May.

Q. What?—A. To me two or three days does not change the fact of his coming and getting the money. Three years and a half—

Q. You recollect the other day you got the fullest opportunity to refresh and you refreshed your recollection, and you came specifically within the 4th and 10th of June?—A. Yes.

Q. You recollect that?—A. Yes.

Q. You are mistaken now?—A. Well, I gave you my reasons.

Q. As a result of reasoning you have come to the conclusion you were wrong at that time?—A. Well, as I say, it was the arrival of one man and the other that made me make a mistake. I do not withdraw my evidence beyond that.

By Hon. Mr. Cassels:

Q. When you paid Mr. Boudreau the \$3,000, within what time did you expect he was going to send the cheque?—A. I thought within 8 or 10 days.

Q. Did you discuss the amount due?—A. Yes, \$30,000.

Q. And having made the bargain with Boudreau about giving him the \$3,000, you were to get the \$30,000?—A. Yes.

Q. And after that you opened the whole account and claimed another amount?—
Well, Mr. Holliday thought he ought to get interest.

Q. After that Holliday thought he should get interest?—A. Yes, for the delay.

Q. Perhaps that was to get recouped part of the \$3,000?—A. I do not know.

Q. Was that in your mind?—A. No, he had been paying us six per cent.

Q. But that was to get a part of the \$3,000 back. That occurred to you, did it?—
I do not think that entered in the discussion, sir.

Q. Do you recollect writing to Mr. Gourdeau about the matter after that. You
do not recollect?—A. (No answer.)

Q. Look at that letter, June 6?—A. Yes.

Q. To Mr. Gourdeau. You say 'Your favour received through Mr. Gregory.' I
thought you said you had not any talk with Mr. Gregory about it?—A. To the best of
my recollection, sir.

Q. Your recollection was wrong in that respect. Is that right. That is the fact,
is it not?—A. I do not recollect that.

Q. 'For which I sincerely thank you. I beg to advise having returned these to
Mr. Gregory.' You said that you had sent them to Colonel Gourdeau yourself. Your
recollection is wrong in that. It appears to be?—A. It seems to me they were sent
direct to Ottawa.

Q. Your recollection is wrong, because you say in your letter, 'I beg to advise
having returned these to Mr. Gregory, to return same to you with an account from
Messrs. Holliday Brothers with interest at six per cent on the amounts to June 1,
1865. Trusting same is satisfactory and to receive cheque shortly, I remain, your
obedient servant.' Now, when you were writing about these accounts, telegraphing to
Mr. Gourdeau, why did you not speak something about the accountant being there, or
the assistant accountant being there?—A. When he came in he stated he did not want
to have anything said about it, and I put the thing to Holliday and Holliday con-
sented—

Q. You said that Boudreau said it was for himself and others?—A. Yes.

Q. Who were the others?—A. I did not ask him.

Q. Did you have any idea?—A. No.

Q. Not the faintest idea?—A. No.

Q. Never entered your mind?—A. No.

Q. Then you returned it, and you returned it on the 6th of June; you returned
it to Mr. Gregory on the 6th June?—A. If that letter says so, I must have done it.

Q. Will you swear it was not after the 6th of June that Mr. Boudreau came to
our office? I want you to be careful, just be thoughtful, please?—A. It was before
the 6th of June, sir.

Q. It was before the 6th of June?—A. Yes.

Q. Why do you say that now? By reason of Mr. Lawrence's evidence?—A. No.

Q. Does this letter help you to fix it?—A. No.

Q. This does not help you at all?—A. No.

Q. Does this correspondence help you in the slightest one way or another?—A.
No, sir, because—

Q. Why? One would think it would?—A. The main facts, my lord, that I rest
my evidence on are first, what he said—

Q. Never mind reasoning about it: you are resting it, I suppose, on recollection
of the fact?—A. No.

Q. Not on recollection of the fact?—A. Well, it is being fixed in my mind.

Q. As a matter of recollection or reasoning or both?—A. Well, no, sir, memory.

Q. Well, then, as a matter of memory, can you identify these letters at all as
having been written about that time?—A. Show me the letters. Your showing me the
letter calls the matter to my attention and refreshes my memory, and I remember the
facts.

Q. Does that call your attention to the other matter, so that you could identify the dates in any way?—A. No, sir, what makes me identify the dates sure—

Q. You have told that: when you were here the other day, had you forgotten all about this correspondence?—A. Yes, that had escaped my mind completely.

Q. Do you consider now that that is a material circumstance in connection with the narrative?—A. I should think so.

By Hon. Mr. Cassels:

Q. Why should you show these bills to Lawrence? It was the last thing a man would do?—A. I brought them in and did not show them to Lawrence, but I went out to get an envelope and had them in my hand; I went to get a large envelope and he saw them.

Q. Would you think those bills came from the clouds or some bank?—A. No, told him.

Q. Did they come from the clouds or a bank?—A. They came from a bank.

Q. You know if you cashed these in any bank in Quebec it would be easy to have it verified?—A. That is what I am working on.

Q. When do you expect to have it ready?—A. I expect to get it before the thing is closed. An action is taken against me.

Q. There are not so many banks in Quebec?—A. And things have occurred since to refresh my mind and make sure I have not made a mistake.

Q. When are you going to produce them?—A. I am going to produce them.

Q. I cannot wait a year?—A. I cannot get them in a day.

By Mr. Watson:

Q. When was the \$10,000 note paid that Carter referred to?—A. The books will show that: I was not at the books.

Q. Do you know?—A. The books show they were paid some time on the 16th or 17th; that is the only recollection I have.

Q. So that you got \$10,000 the day that that was paid, the day the note was paid?—A. I got \$10,000.

Q. The bank did?—A. Yes, the bank got it, oh, yes; the note being charged, we were recouped the \$10,000.

Q. And then the same day a cheque was paid for \$1,000?—A. Yes, sir, by the book.

Q. That makes \$11,000?—A. Yes.

Q. And the same day apparently \$11,000 were deposited to the credit of Mr. Gregory: what about that?—A. The bank will show that by the vouchers. I do not know anything. I asked the bank to produce the bordereaux, the vouchers for it.

Q. Where did Gregory get the \$11,000 to deposit?—A. That I cannot say. You would have to have the bordereaux for that: they would prove it.

Q. You cannot speak of it from recollection?—A. I knew nothing about it, because the bank manager does not see all the deposits.

Q. At any time before this, and since June 1, 1905, have you made any statements to anyone or more persons that were not consistent with the evidence that you have given here before his lordship?—A. Not that I can remember, sir.

Q. That is as far as you will go?—A. Exactly, as I said in my last evidence.

By Mr. Laflamme:

Q. Did you examine the books of the People's Bank of Halifax when the commission was sitting in Quebec?—A. With Mr. Holliday.

Q. So that you examined the ledger among other books?—A. Yes, sir.

Q. You examined what is known as the steamer account?—A. Yes.

Q. And you found no trace of the cheques?—A. No, I saw one cheque there—

Q. But that \$1,000 cheque you did not locate as one of the three cheques in question?—A. Well, we did not look into it; Holliday and I were in a hurry to get up

to court. We concluded right before the court, and under oath, that we could get no trace of that. Of course the question of that \$1,000 could come up any time.

WILLIAM JOHN ALLEN, sworn.

By Mr. Perron:

Q. Mr. Willard is not here?—A. No.

Q. Where is he at present?—A. He is in Somerville, South Carolina.

Q. When did he go?—A. About November 1, I think it was; I think along there.

Q. When do you expect him back?—A. We do not expect him back before next spring.

By Hon. Mr. Cassels:

Q. Is he there for his health?—A. He is there for his health, yes.

By Mr. Perron:

Q. I understand you are here with the books?—A. Yes, I have them.

Q. Are you familiar with the books of Willard, with the Marine and Fisheries Department?—A. I think so.

Q. Did you transact the business yourself with the department?—A. A portion of it I did.

Q. You have your books here?—A. Yes.

Q. Let me see Mr. Fraser's account?—A. It is not in the ledgers.

Q. Where is it?—A. It is right here.

Q. Why is it not in the books?—A. Simply because there is not one quarter of those accounts in those ledgers.

Q. You do not keep them there?—A. No.

Q. Which accounts have you got which are not entered into these books?—A. I have telegraphed this afternoon for a book I left behind.

Q. But you remember: let us have the names, please?—A. The names that are not on the ledger, you mean?

Q. Yes, come on; the other employees?—A. You mean the employees of the Marine and Fisheries?

Q. Yes?—A. There is but one that I know of.

Q. His name?—A. Macpherson.

Q. That you know of?—A. That is the only one.

Q. That you know of?—A. Yes.

Q. What is his first name?—A. Thomas, I think.

Q. What is he doing?—A. That I could not tell you.

Q. Who is next?—Whom have you got besides Macpherson with accounts there not entered in your books?—A. There is nobody else.

Q. Are you positive as to that?—A. I cannot recollect any other.

Q. Who will be able to recollect about it?—A. This little book, when I get it, will be able to tell you.

Q. When will it be here?—A. In the morning.

Q. Is this the only book missing?—A. Yes.

Q. Are all your books here?—A. Yes, all I know of.

Q. What other customers, apart from officials, have accounts not entered in those books? What customers outside of the employees of the department have accounts which are not entered in your books?—A. There is none of our country accounts entered in the books at all.

Q. What do you mean by that?—A. The farmers' accounts.

Q. Do you style the employees as farmers?—A. No, sir.

Q. Is that the reason?—A. No; I might state that there is quite a number of our town accounts not in the ledger.

Q. You tell me all the farmers' accounts were not in it?—A. Yes, they are not on those ledgers.

Q. You will get this book for to-morrow morning?—A. Yes.

Q. What book have you here? Cash book?—A. Yes.

Q. The only cash book you have?—A. There is the other cash book previous to that.

Q. This one runs from what date to what date?—A. The two books take in the four years.

Q. What years?—A. 1904, 1905, 1906 and 1907.

Q. This one here?—A. I think that takes in about two.

Q. We want the whole thing?—A. The other one is here.

Q. There are two cash books here?—A. Yes.

Q. Covering 1904 to 1907?—A. Yes.

Q. Have you the ledger for those periods?—A. Yes.

Q. And besides that what have you got?—A. All the cheques for the same period.

Q. What else?—A. And the stubs.

Q. Bank book?—A. No.

Q. You had better have your bank book?—A. The cheques are all there and the stubs.

Q. Have you the petty cash account?—A. No.

Q. Just one cash book?—A. Yes.

Q. Is there any other books in your store or in your place which would give us the information?—A. I do not think there is.

Q. You ought to know; you are the bookkeeper?—A. The only book would be the small book I keep in connection with the deposits.

Q. What is that?—A. The small book I keep in connection with the deposits.

Q. What do you mean by that?—A. Depositing the money in the bank.

Q. Do you keep a special book for depositing the money in the bank?—A. Yes; you won't find any of them in the cash books.

Q. What is the reason?—A. The deposits are entered by me in the small book, and so are the cheques.

Q. Why?—A. Merely to keep track of them, to keep check of them, so that at the end of the month I can check up the bank.

Q. You will leave this book here?—A. If you require it.

Q. Oh, yes, we require it sure; any other book?—A. No, not that I know of.

Q. You have no petty cash expense book?—A. No, sir. These are the only cash books I keep, what you have there.

Q. Make sure that you have here all the books which contains the names of any officials of the department?—A. Yes.

Q. You are sure of that?—A. Yes.

Q. Have you an index to your ledger; where is the index?—A. The index books are not there; I have merely indexed the Marine and Fisheries account.

Q. Do you want us to go over the ledger without an index?—A. I did not think the other accounts necessitated—

Q. You wanted to indicate to us what you should look for?—A. No, not all.

Q. Where are the indexes?—A. In the other.

Q. We cannot go over this without an index. You will have to get that. What else is missing in those books?—A. Not anything.

Q. Do you remember what you have to have now?—A. You want the small book.

Q. I want the farmers' book?—A. That is the total of the accounts.

Q. Yes, and I want your small book, your bank book, your indexes and your petty cash book?—A. There is no petty cash book.

Q. Any other book that you remember of?—A. No, sir.

Q. Can you give me Mr. Fraser's account in this ledger?—A. No, sir, it was never put in a ledger at all.

Q. No account of his there?—A. No.

Q. His name is not there at all?—A. His name is not there at all.

Q. You are sure all your cheques are here?—A. Yes, sir.

Q. None left at home?—A. None whatever, not one.

Mr. GODFREY.—One or two questions——

Hon. Mr. CASSELS.—You can cross-examine him when the examination in chief is closed. He will be here in the morning.

Mr. WATSON.—You will return to-morrow morning at 10 o'clock?—A. Yes.

Hon. Mr. CASSELS.—Where does Willard carry on business?

Mr. PERRON.—Prescott, my lord.

W. W. F. MACPHERSON, sworn.

By Mr. Perron:

Q. You reside in Prescott?—A. Yes, sir.

Q. What is your business?—A. I am in the hardware business.

Q. How long have you been in business there?—A. I have been in business since 1901, seven years.

Q. Wholesale?—A. No.

Q. Retail?—A. Yes, sir.

Q. You have all your books here?—A. I have everything.

Q. Let us have your ledger, please?—A. The ledger of accounts.

Q. Yes?—A. Which year do you want?

Q. 1904 and 1905; you have everything there?—A. Here are two ledgers.

Q. Let me see the account of the Marine and Fisheries Department; have you not a total of the accounts some place?—A. For these years?

Q. Yes?—A. Yes, I have a summary at the back of this book; here it is.

Q. The totals are not made up?—A. No.

Q. How much was it? About \$15,000 in those three years?—A. At the end of 1907?

Q. Yes?—A. \$12,332.67.

Q. At the end of 1907?—A. Yes.

Q. You started to deal with the department when?—A. About December 1, 1903. Here is the first payment, December 1.

Q. J. F. Fraser was then agent in Prescott?—A. Yes.

Q. And your first dealings were with J. F. Fraser?—A. Yes.

Q. He gave you the orders, and you went on dealing with him for how many years?—A. I could not say; until Mr. Noble was appointed in his place; I do not think it was over a year or so. Fraser was not in charge there very long himself personally.

Q. You dealt with Fraser eighteen or twenty months?—A. Yes, you can easily tell by my requisitions, because he signs them.

Q. And afterwards you always had to deal with W. H. Noble?—A. Yes, until Mr. Boyle came in charge.

Q. When did Mr. Boyle come?—A. I could not tell you without looking at the requisitions.

Q. Have you an idea?—A. I should think it was a year or a year and a half he was in charge there after Mr. Noble left.

Q. They were sold under a contract?—A. No. Nearly all of my business was competitive.

Q. How do you know that?—A. Because we were always furnished with the principal items that I furnished them; we were asked for quotations first, and I submitted quotations on these goods, and quite as often did not get the order as I did get it; so I must conclude my price was not right, I must conclude my price was too high.

Q. Were you submitting prices for the year?—A. No.

Q. How was it done?—A. Submitted prices on almost every requisition for any amount: they had a requisition form saying 'Please quote this office with prices on following goods and return the requisition with the quotation,' which I always did.

Q. This was for part of the goods?—A. That is since about the time Mr. Noble took charge, during his charge.

Q. Since Mr. Noble took charge you have been asked for prices?—A. Yes.

Q. Prior to his being in charge you were never asked for prices?—A. Oh, yes, very often, on any bill of any account.

Q. Since Mr. Fraser left you have been always asked for prices?—A. Yes, anything of any account.

Q. And since Noble was in charge you have been always asked for prices?—A. Yes.

Q. Since Noble took charge, the prices have decreased, I notice, about fifteen or twenty per cent?—A. Well, I do not know particularly about that.

Q. What do you say? I have looked over the bill, and it seems to me the prices have decreased?—A. They have not decreased any amount like that, because we did not make a margin of that kind on heavy goods.

Q. They have decreased fifteen per cent?—A. Well, that might be on some goods.

Q. Since you have been obliged to give prices, you never had an opportunity to get your own price?—A. I never took any advantage that way.

Q. How do you explain that the prices have decreased since Fraser left?—A. I would like to see a case where that has happened in any special line. I am not aware of that.

Q. You are not aware of that?—A. Not in any special line.

Q. How much over the ordinary retail prices were you charged before Noble came in charge?—A. I never charged anything more than retail prices before Noble came in.

Q. Before Noble came in?—A. No, I never charged retail prices, and where they bought quantities they got better than retail prices, and where they bought in retail quantities they got retail prices.

Q. Were you not charging a little over?—A. No: when they bought retail quantities they paid retail prices.

Q. Do you mean to say you were charging them the same prices you were charging to your ordinary customers?—A. Yes, I do; possibly less, not more.

Q. Let me see the account of J. F. Fraser?—A. I will, sir: here it is.

Q. Do you swear that this is the only account you ever had with Mr. J. F. Fraser?—A. It is the only account I ever had with Mr. J. F. Fraser: yes, that is the only account in my book.

Q. Do you mean to say it is the only transaction you ever had with him?—A. Well, Mr. Fraser may have come in and bought some little thing occasionally.

Q. You know I am not meaning that at all: I am asking you if you are prepared to state that this account which you have shown is the only transaction you ever had with Mr. J. F. Fraser?—A. It is.

Q. You are positive as to that?—A. I am positive.

Q. Any transaction of any kind whatever?—A. My books will show it.

Q. I am asking you as a matter of fact whether or not this transaction in your books is the only one which ever took place between yourself and J. F. Fraser?—A. Unless he paid cash for goods when he bought them.

Q. Now, what are the accounts of the other employees in the book?

Hon. Mr. CASSELS.—What is the account of J. F. Fraser there?

Mr. GODFREY.—\$133.

Mr. PERRON.—It is something very small: it does not amount to anything.

Q. Now, what about Mr. Mead? Look and see if you can find Mr. Boyle's account? (Witness looks through book).

Q. You keep a petty cash?—A. I do, but those petty accounts are rendered in our day's sales.

Q. \$20 or \$25?—A. These things do not go through the cash.

- Q. This account is in you ledger, and surely the cash paid must be in the cash book?—A. This is the petty cash book.
- Q. Have you other employees having accounts with you?—A. Yes.
- Q. Bald, Mead, Leslie, and so on?—A. Yes.
- Q. John Leslie?—A. Yes.
- Q. Let me see the largest one?—A. Bald.
- Q. Let me see the cash entries?—A. Here they are.
- Q. You have shown me your ledger, and it shows that the divers accounts of all the employees have been paid?—A. Yes.
- Q. These entries are correct?—A. Yes.
- Q. Have you directly or indirectly given or loaned or procured any advantage whatever to any one of the employees of the department?—A. I have not.
- Q. Have you paid anything to them?—A. Not one cent.
- Q. Q. Loaned them anything?—A. No.
- Q. You rest on that, do you?—A. I do.

ALLEN JONES, sworn.

By Mr. Perron:

- Q. You are residing in Prescott?—A. I am.
- Q. Lumber dealer?—A. Lumber dealer.
- Q. Wholesale or retail?—A. Retail.
- Q. Exclusively retail?—A. Exclusively retail.
- Q. Since when have you been dealing with the Department of Marine and Fisheries?—A. About the latter part of 1903.
- Q. Mr. J. F. Fraser was at that time agent in Prescott?—A. Yes.
- Q. So you started you dealings with him?—A. Yes.
- Q. And had to do with him for about two years?—A. I cannot say how long he was there until he went away. I had nothing to do with him personally.
- Q. You have met him?—A. Yes.
- Q. You used to go to the office there and talk the matter over with him?—A. Yes.
- Q. Did you go there to discuss the prices?—A. No.
- Q. Never discussed the prices?—A. Never unless I was asked to come down.
- Q. You would receive an order for goods and ship them?—A. Yes.
- Q. And sell at your own prices?—A. Yes.
- Q. And you have done business that way with the department for about \$8,000 or \$9,000 since 1904?—A. A little over \$7,000.
- Q. Between \$7,000 and \$7,500?—A. \$7,100.
- Q. In all these dealings the prices were never fixed?—A. I cannot say that; as a usual thing they were fixed; the smaller items they were sent over.
- Q. You were telling me you would receive an order to deliver the goods, make your account and send it in and get paid?—A. I was asked for prices occasionally; small orders they were not asked for.
- Q. Prices have decreased lately in lumber since Noble has been there?—A. Not very much.
- Q. But they have decreased?—A. No, not with me.
- Q. You said not much?—A. Not much.
- Q. You said not very much, now you say none at all?—A. They have not decreased very much.
- Q. Have they or have they not decreased since Noble went in there?—A. Some things.
- Q. After Noble went there he would not buy anything from you unless the prices were fixed beforehand?—A. Usually.
- Q. He did exactly the contrary to what Fraser used to do, instead of buying without having the prices fixed, he would fix the price beforehand?—A. Yes.
- Q. And consequently, in order to keep the trade, you have had to lower your prices?—A. I do not think so.

Q. You do not think so?—A. No, I do not.

Q. Is it not a fact that since you have been forced or compelled to give prices before delivery that you have lowered your prices at least ten or fifteen per cent?—

A. I cannot say that I have.

Q. Will you say you have not?—A. I have not.

Q. Will you swear you have not?—A. Some things might be less; it just depends how I bought.

Q. As a matter of fact, is it not true, since you have been compelled to give prices before getting the orders, you have charged less than before?—A. No.

Q. It is not a fact?—A. No.

Q. You say that it is not a fact?—A. No.

Q. How is it, then, that you have charges less?—A. I do not know that I have; can you show me any items?

Q. You want me to go over the books and accounts and show you?—A. Yes.

Q. You do not know yourself?—A. No.

Q. You want me to point out to you a concrete case?—A. Yes.

Q. Is that what you want me to do?—A. The prices have gone on the same as they have been. I just made a fair profit.

Q. I am not asking you that. I am not going to point out to you unless I chose to do so, but you are telling me you never charged more in Fraser's time than Noble's time?—A. I do not think I did.

Q. Do you swear you do not?—A. Yes, I do.

Q. Why did you say you did not think it?—A. I did not think I had charged any more.

Q. How much over retail prices did you charge?—A. Sometimes I would not make 10 per cent.

Q. How much over retail prices?—A. The usual retail prices.

Q. How much over? Ten or fifteen or five per cent?—A. I could not say; I do not know that there was anything over.

Q. A merchant does not forget like that when he gets a chance?—A. It just depends what I had to pay for the article.

Q. How much over retail prices did you charge?—A. I did not charge anything over the retail prices.

Q. Why did you tell me you did not think? Are you prepared to swear you did not put on top of it 10 per cent?—A. Quite so.

Q. That is what you did?—A. No, I did not.

Q. How much did you put on top of it?—A. I made 10 to 20 per cent profit.

Q. You do not make as much as that with your retail customers?—A. I do.

Q. Generally?—A. Generally.

Q. How much above the retail price or ordinary prices did you charge to the department?—A. I did not charge anything over to the department.

Q. Let me see the account of Mr. J. F. Fraser?—A. Here is the account.

Q. You are now showing me, at page 17 of the book which you call your journal?—A. Ledger.

Q. It is marked 'Journal'—the account of J. F. Fraser; his account started in 1903?—A. 1902.

Q. And has been running till July 29, 1904, and amounts during this period to the sum of \$546.34?—A. Yes. There were a few items since.

Q. There were a few items in November, 1904, and January, 1905?—A. Yes, and one or two after that.

Q. Where was this lumber delivered?—A. At Fraser's cottage in Maitland.

Q. He was building a cottage at Maitland that year?—A. Yes.

Q. Where is Maitland?—A. Seven miles above Prescott.

Q. And that is where it was delivered?—A. That is where I suppose it was delivered. I did not deliver it; it was called for there.

Q. Let me see the credits; when did he pay you something?—A. It was closed on July 25, and August 17 he handed me \$543.

Q. Let me see your entry in the cash book, please?—A. It may not be there.

Q. Do you tell me it may not be entered into the cash book?—A. I do all those things myself, and sometimes they do not enter them.

Q. You might receive \$543 and might not put it in your cash book?—A. Yes. I do not keep a real cash book, just day book. I really do not keep a cash book. Those are just my sales. Here it is, August 18, J. F. Fraser, cash, \$543.

Q. Was this paid to you by cheque?—A. No, cash.

Q. Actual cash handed over?—A. Actual cash.

Q. You do not deposit your money in the bank?—A. Yes, I do.

Q. Always?—A. Usually.

Q. Why did you not deposit this sum of \$500?—A. Does it not show there?

Q. No?

Hon. Mr. CASSELS.—What is the date?

Mr. PERRON.—August 18.

Q. It would appear by your books Fraser owes you nothing?—A. No.

Q. Paid you the whole thing in 1904?—A. Yes.

Q. What are the other employees that had accounts with you?—A. Nobody of any account, more than two or three dollars.

Q. What about your cheques payable to cash: what are they for?—A. Sometimes when I want money myself for a money order or express order, for the house expenses, or something of that kind.

Q. Are there not some of these cheques payable to cash drawn for the purpose of giving cash to the officials of the department?—A. No, not one.

Q. What did you give them?—A. Nothing.

Q. Goods?—A. No, not even lumber.

Q. Is that a fact?—A. That is a fact.

CHARLES BAKER, SWORN.

By Mr. Perron:

Q. What is your occupation?—A. Tinsmith and plumber.

Q. In Prescott?—A. Yes.

Q. You have been doing quite a large business with the Department of Marine and Fisheries also?—A. We have done some.

Q. About \$5,000 in three years, 1904-05, 1905-06 and 1906-07?—A. Well, I could not say positively; I never looked it up.

Q. All this work has been done without tenders being asked for?—A. Yes, sir.

Q. You would be simply called upon to do some work, repairs, you would send in your bill and get paid?—A. Yes.

Q. No price fixed ahead; you were not concerned in the prices at all?—A. Yes, the majority of the work I did I was asked for prices first.

Q. By whom?—A. Mr. Fraser.

Q. What did you do for him?—A. Roofing.

Q. Where?—A. Roofing buildings at—

Q. It needed a lot of roofing, \$5,000?—A. There was a lot of roofing done.

Q. You were selling some hardware?—A. Some plumbing goods.

Q. You are not in the hardware business?—A. Well, we handle some.

Q. That is not part of your trade?—A. What do you specify as hardware?

Q. I have it all here, all accounts of hardwares, sheet iron?—A. We handle sheet iron; we have to do that for roofs.

Q. When you made all this roofing, there was no contract made?—A. In the first place, Mr. Fraser had me send away for samples and prices.

Q. But you did that by the day, charged so much per hour?—A. No, sir, not the first roof.

Q. Well, the second?—A. The second roof; if my memory serves me right, the department bought those shingles from some other firm, and they had no one to put them on, and paid us by the day or by the square for laying those.

Q. The second roofing came quite soon after the first one; what was the trouble then?—A. No, we put on one roof—

Q. How is that? Were you unfortunate with this roofing?—A. No, you will find the first one put in some fifty-two—

Q. You sold one steel range?—A. Yes.

Q. Are you dealing in ranges?—A. Yes.

Q. Is that part of your business?—A. Yes.

Q. \$52: quite a good one?—A. Yes.

Q. How much over the retail price was this?—A. The same as I charge to the ordinary customer.

Q. You charged to the department how much over the retail prices?—A. No, I charged them nothing more than any ordinary individual that came to buy.

Q. How did you make a profit? Shorten time?—A. No.

Q. Charge more labour than there was?—A. No.

Q. How did you come to make something out of them?—A. I sold the stove at the same price I would sell to any other customer.

Q. I am asking you about the whole account, not only about the stove. If you were giving the right prices and making no extra charges, how did you come to make something out of it; give something away?—A. I do make my profit, like an ordinary dealer.

Q. You do give something?—A. No.

Q. Goods?—A. No.

Q. Repairing ranges for a gift?—A. I gave nothing.

Q. What have we got in your books?—A. Just the labour we done.

Q. And the accounts of the employees?—A. Well, there might be a few of the employees.

Q. Have they paid you?—A. Yes.

Q. All of them?—A. I think so; there might be a little odd one.

Q. What transactions did you have with Mr. J. F. Fraser?—A. We done some work on his cottage.

Q. In Maitland?—A. Yes.

Q. Amounting to \$600 or \$700?—A. No.

Q. How much?—A. I think something over \$200.

Q. And gave him a receipt?—A. I could not say about the first payment.

Q. Let us see his account?—A. Yes, sir, here it is.

Q. Here is his account, amounting to \$240; that is work done in 1904?—A. Yes.

Q. The first payment by cheque, you are not sure about that?—A. Yes, it was a cheque given to my brother.

Q. Let me see it in your cash book?—A. I do not keep a cash book, I never kept one, I have this last year, but I did not before that.

Q. What did you mean by 'I do not know about the first payment,' what did you mean when you told me that?—A. I see the first payment was paid by a cheque.

Q. You said, 'I do not know about the first payment,' what did you mean by that?—A. You asked me if it was paid by cheque.

Q. No, I asked you whether it was paid or not?—A. Yes, the account was paid.

Q. And I asked you if you gave him a receipt, and you said 'I do not know about the first payment'?—A. Well, that first payment of \$200 was made by a young lady that stayed with Mrs. Fraser, I think they call her Miss Bell, gave the cheque to my brother.

Q. How do you know about that?—A. My brother received the cheque.

Q. What did you know of that personally? You did not know anything of it?—A. No.

Q. Did you see the cheque?—A. Yes, I deposited it in the bank.

Q. Have you your bank book?—A. Yes, sir.

Q. Let me see the day you deposited the cheque?—A. It would be in this one, I think.

Q. There is no deposit here, you make a mistake there?—A. Well, it may not be right on the same date.

Q. We are not playing. You told me you got this cheque from your brother and deposited it in the bank?—A. Yes, to my memory.

Q. You show me your bank book and it does not show such a deposit?—A. It must be there somewhere.

Q. It is not here.

Q. How long after having received this cheque did you deposit it?—A. I could not say.

Q. Three weeks or a month after?—A. I could not say.

Q. Is it not a fact that you never received such a cheque, but simply gave a receipt to Mr. Fraser for this account?—A. I do not remember, under oath, except we gave a cheque for it.

Q. Is it not a fact you never got a cent or a cheque or anything for this account, but that you purely and simply gave a receipt for it?—A. I will swear I received every dollar, and never gave a fifty cent piece in my life to Mr. Fraser.

Q. What did you do with the cheque?—A. Well, it is deposited in the bank.

Q. Not on the day you received it?—A. Well, it may not be the same day. Sometimes I am out of town putting up furnaces for the James Smart Company.

Q. What price did you charge to Fraser?—A. The same price I charged to any one else.

Q. Or to the department?—A. Yes.

Q. Why did you not give him something?—A. I did not think I was under any obligation to him any more than any one else.

Q. What about other employees? Who have you got in your books who are owing you?—A. I do not know if there is any one very much; I do not keep the books myself.

Q. You should know if you have been doing some work?—A. I did a little work for Mr. Offspring. I think he paid his account, a couple of dollars, or something like that.

Q. On your oath how much have you given in cash or other ways to any one of the employees of the department in Prescott or any other place?—A. Not one dollar to my knowing or knowledge.

Q. What do you mean by the rider?—A. I never gave one dollar or a fifty cent piece.

Q. Why do you say 'to my knowledge'?—A. I know I did not.

Q. Why do you add to your answer 'to my knowledge'?

Hon. Mr. CASSELS.—He means an employee might have done it without his knowing it.

By Mr. Perron:

Q. Did you mean that?—A. Something like that; when they were paying a little account of two and a half or something like that, they might throw off a few cents; we do that often.

HUGH RANKIN, sworn.

By Mr. Perron:

Q. You reside in Prescott?—A. Yes.

Q. What business are you in?—A. Furniture and undertaking business.

Q. Whom did you bury?—A. No one around the Marine works there.

Q. Let us see your accounts?—A. They are very large, \$600 for about four years there is room for a lot of graft in that account, sure.

Q. I see that you deal in crimson silk plouffe curtains?—A. Yes.

Q. Who was treating himself to silk curtains in the department?—A. They were for the *Maissoneuve*.

Q. Lined with Japanese silk and brass trimmings?—A. Fancy.

Q. There must have been lots of graft in this?—A. I assure you there was in the invoices.

Q. Who bought from you, generally? Mr. Mead, I see?—A. I think Mr. Mead.

Q. And Mr. Fraser?—A. No, Mr. Fraser never gave me an order for any goods there, only the first bill of goods.

Q. What did he give you?—A. An order for some office filing cases, I think; that would be in December, 1904.

Q. You generally sell to the captains of the boats and stewards for the boats?—A. They have never given me an order.

Q. Who gave you an order for the *Maissoneuve*?—A. Mr. Mead.

Q. What is his capacity in the department?—A. I do not know his capacity now, but at that time he was general foreman.

Q. Where was the *Maissoneuve*?—A. Lying at Buckley's slip.

Q. Where? In Prescott?—A. Near Prescott.

Q. He gave you this order?—A. Yes, \$65. I should like to show you the invoices for these goods.

Q. Show them?—A. Hear is a credit for some of the goods returned.

Q. They cost you about \$50, did they not? Ten per cent?—A. We do not do business on ten per cent.

Q. It means fifty per cent profit. If you want to show me, I am not particular about it?—A. It cost \$22.48, and some of the other trimming 75 cents, and then the work on fifteen pairs of curtains.

Q. About \$24 material?—A. I could figure better than that.

Q. What do you show me?—A. With the credit note off that, \$5.99—

Q. And \$22—that is \$27?—A. Yes, sir, and the next is the express on that.

Q. You say that you have had dealings with Mead?—A. Well, the orders came, except that one; the ledger will show the verbal orders, and the orders were given.

Q. You never got any contract; always got orders, and sent in your bill and got paid?—A. In some cases I was asked for a price; in some cases Mr. Noble came and got a price.

Q. You charged the department what you pleased?—A. I think if you will look up the books, you will find they got goods cheaper than other people got their goods.

Q. Is Mr. Fraser's name in your books?—A. Yes, sir.

Q. Let us see the account?—A. It is a large book.

Q. Any other account of any other employee in the department?—A. Well, that index book will show.

Q. Do you know, or do you not know?—A. Mr. Mead's name is there, I think.

Q. I want to know from you?—A. I am telling you Mr. Mead's name—

Q. Where are your cheques? Have you got them here?—A. I have not got my cheques; I do not pay by cheque.

Q. Have you your bank here?—A. No, sir.

Q. You will have to go back and get it?—A. Yes.

WILLIAM WHITNEY, SWORN.

By Mr. Perron:

Q. You are a resident in Prescott?—A. Yes.

Q. Are you doing business alone, or are you a member of the firm of Whitney & Son?—A. No, I am alone.

- Q. Under the firm name of Whitney & Son?—A. Yes.
- Q. You have your ledger here?—A. Yes, there it is.
- Q. Will you let me see the account of the department in the ledger?—A. I do not know whether we have any in the books or not.
- Q. You keep an account in the ledger, do you, of the Marine?—A. I do not think we have any, except the boats.
- Q. What business?—A. Grocery.
- Q. You keep the account in the name of the ship?—A. Yes.
- Q. You have sold to the department from 1904 to 1907 about \$2,000?—A. I could not say to the amount.
- Q. Goods to divers ships which call at Prescott?—A. Yes.
- Q. Who are the employees with whom you had to deal?—A. Sometimes the captain and sometimes the steward.
- Q. What is the name of the captain with whom you had the dealings?—A. I could not tell you, their names are on the requisitions.
- Q. You could not tell me the names?—A. No, I am not out in the store so much.
- Q. Do you remember the names of the men?—A. Purcell was one, Jim Tarry, John Jamieson, and I could not say now who the others were.
- Q. Did you have any contract for the supplying of goods?—A. No.
- Q. How did you come to supply the goods?—A. Well, they would come down here with a requisition, and we would send the goods up.
- Q. No price fixed before hand?—A. No.
- Q. Are you wholesale or retail?—A. Well, a little of both.
- Q. A little of both?—A. Well, principally retail.
- Q. Were your prices ever questioned?—A. No, sir, not that I am aware of.
- Q. What prices were you charging?—A. The same price we would charge any one else if they came in.
- Q. Retail prices?—A. Yes.
- Q. 25 and 30 and 40 per cent?—A. I could not say the prices, just the same as we would charge any one else.
- Q. No wholesale prices at all—always retail?—A. Always retail.
- Q. What were the stewards getting from you?—A. They were getting nothing.
- Q. Their goods for themselves and their families?—A. No.
- Q. Let me see their personal account in your books; they have personal accounts here?—A. I can show you one where I sued and garnisheed his wages.
- Q. Have you all your books here?—A. Yes.
- Q. That is the reason why you made this remark, because you have all your books. Let us go on. What is the name of the captain—one of them? You must remember one of them?—A. I could not tell you; there is Shagrau, or something like that.
- Q. Have you an account against J. F. Fraser?—A. No.
- Q. Has he bought from you?—A. Yes.
- Q. Let me see his account?—A. He has no account; he always paid cash.
- Q. What about Bald?—A. He trades with us.
- Q. Boyle?—A. We did not have any dealings with Boyle.
- Q. He did not buy from you?—A. No.
- Q. Mr. Corrigan?—A. No.
- Q. Whom did you have besides Mr. Fraser?—A. We had Mr. Mead.
- Q. How much does he owe you now?—A. He does not owe us very much; he pays up, a monthly customer.
- Q. No big account?—A. No.
- Q. Anybody else?—A. Mr. Mundle, Mr. Bald.
- Q. For how long did you carry their accounts?—A. Mr. Mundle does not run any account. He has a little something in there, one or two dollars running in there and Bald and Mead are both monthly accounts.

- Q. Did you issue cheques in favour of the officials or captains?—A. No cheques.
 Q. What did you give them?—A. Nothing; I gave them nothing.
 Q. Who gave them something for you?—A. No one that I am aware of.
 Q. Never heard of it?—A. No.
 Q. You stand by that?—A. I do.

JAMES S. BONNAR, sworn.

By Mr. Perron:

- Q. Are you still in business for yourself?—A. No, sir.
 Q. You used to be in 1905?—A. Yes.
 Q. I see that in 1905 you rented your tug to the department, the *Beaver*, was it?
 —A. Yes, sir.
 Q. At a pretty good rate of \$30 a day?—A. We did not consider it too good.
 Q. Who made the agreement with the department?—A. For us, do you mean.
 Q. Well, with you? Who was representing the department when the contract was made?—A. Captain Sughrue, they call it.
 Q. He made the agreement with you?—A. Yes, sir.
 Q. It was confirmed by whom?—A. I understood when I made the agreement with Captain Sughrue, that he was making it for J. F. Fraser.
 Q. Who was then the agent at Prescott?—A. Yes; he came down to make an arrangement with me; I made it over the telephone.
 Q. Did you see J. F. Fraser about it?—A. No, sir.
 Q. Never saw him?—A. Oh, yes, but not at that time.
 Q. Did you see him in connection with this contract?—A. No, not till after it was made.
 Q. But after it was made?—A. I seen him in Prescott.
 Q. You had many interviews with him?—A. Only one.
 Q. You had a discussion with him about the account and the contract?—A. It was after we were laid off I saw Captain Fraser after we had left the scow.
 Q. What did he tell you?—A. He told us he did not think he would need us any longer.
 Q. That is not all he told you?—A. Yes, that is all we were talking about.
 Q. Where are your books?—A. I have no books, only a diary.
 Q. Where did you enter your commission you had to pay?—A. I did not have any commission to pay.
 Q. You did not enter it?—A. I did not have any to pay.
 Q. How much commission did you pay?—A. Nothing.
 Q. How much did you give?—A. I could not give anything if I did not pay anything.
 Q. Did you give anything?—A. No, sir. Is there a difference between paying and giving?
 Q. Never gave anything on the contract?—A. Not a cent.

HUGH RANKIN, recalled.

By Mr. Perron:

- Q. As you stated, you have not your bookkeeping here?—A. No.
 Q. You told us you were not paying any one by cheques?—A. Yes.
 Q. I understand, whatever money you got, you put it in the bank and leave it as a saving?—A. Well, sometimes I pay the cash, when I get things done; sometimes goods are paid by draft.
 Q. From the till?—A. By the bank.
 Q. That is the reason you keep no cheques?—A. I recall that; I never used a cheque book until Friday or Saturday; it was in connection with—

Q. As a rule you do not use your bank account?—A. No.

Q. How long have you been in Prescott?—A. 1894.

Q. You started to deal with the department when?—A. I think, in December, 1904.

Q. And you have dealt with the department ever since?—A. A little, off and on. My account is small.

Q. You started to deal with J. F. Fraser?—A. That was the first order.

Q. That was the largest order that you got?—A. No, I do not think it; I think it was about \$43.

Q. You know the employees there in Prescott; you know Mr. Brais?—A. No, I do not know him.

Q. Do you know Mr. Boyle?—A. Yes.

Q. Do you know Mr. Bald?—A. Yes.

Q. Corrigan?—A. Not acquainted with him; I know him by sight.

Mr. Davidson?—A. I know the Davidson that was there some few years ago.

Mr. Gaudin?—A. Yes.

Mr. Hughes?—A. Yes.

Q. Mr. Lesslie?—A. I know him.

Q. Mr. Mead?—A. Yes.

Q. Mr. Murphy?—A. Yes.

Q. Mr. Macpherson?—A. Yes.

Q. Mr. Noble?—A. Yes.

Q. Are you selling goods to these divers people?—A. I think I sold Bald a small amount, probably under \$10, and it has been paid.

Q. You had no dealings with the other officials?—A. Mr. Mead bought something for \$35. The accounts are all in my books, and all paid.

Q. Do you say on your oath you never gave, promised or loaned anything to the employees of the department?—A. No.

Q. Then you may go home.

(Adjourned till 10 a.m., to-morrow.)

OTTAWA, December 22, 1908.

CHARLES DEVAUDRAUIL HOWARD, SWORN.

By Mr. Watson:

Q. What position have you in the Quebec Bank?—A. Well, I was paying teller until the 19th of June.

Q. Of what year?—A. 1905.

Q. How long have you been in that position of paying teller there?—A. Five years and a half.

Q. And what position are you in at the present time?—A. St. Rocques: that is in Quebec city.

Q. Then in May and June, 1905, did Holliday Brothers have an account current with the Quebec Bank?—A. No.

Q. They did not?—A. No.

Q. You are quite sure of that?—A. Positive.

Q. Did Mr. James Holliday have an account current at the Quebec Bank at that time?—A. No.

Q. I do not want to emphasize the word 'current': did he have any account at all?—A. No, not as I know of.

Q. Or the Holliday Brothers at that time?—A. No.

Q. Did either the firm or Mr. James Holliday have an account with your bank after that time?—A. No.

Q. Then I understand that they have never, neither the firm nor the individual?—A. I do not know; probably before my time; not during my time,

By Hon. Mr. Cassels:

Q. Not shipping account?—A. No.

By Mr. Watson:

Q. Nor steamer account?—A. No.

Q. Nor any special account?—A. No.

Q. Did Mr. Gregory have an account with your bank at that time?—A. No, not that I know of, no.

Q. Or Mr. VanFelson?—A. No.

Q. Have you any knowledge of the cashing of any cheque for \$1,000 or cheques for \$1,000 each by Mr. VanFelson at your bank or about or before the 6th day of June, 1905? I mention that date particularly in view of the evidence of Mr. Van Felson and Mr. Lawrence?—A. No, sir, I have not. I might have changed money about that time. I remember Mr. Van Felson coming in to change—well, getting large bills for small bills about that time.

Q. Have you any trace of cheques at all?—A. Yes; there is only \$1,000 entry—

Q. What?—A. There is \$1,000 cheque June 19th.

Q. June 19th, 1905?—A. But I was not there at the time, you know.

Q. What is the entry?—A. I will show it to you. Here is the People's Bank of Halifax, clearing house deposits: here is \$1,000.

Q. People's Bank of Halifax, credit Quebec Bank?—A. Yes.

Q. That is the record of the transactions with the People's Bank that day?—A. Yes.

Q. And where is the date shown?—A. Here is the date, June 19th.

Q. Is that 1905?—A. Yes. Of course, I cannot tell exactly if this is the Holiday Brother cheque.

Q. But you have there on June 19th an entry of the payment that day?—A. Well, I will tell you: I cannot say it is a payment: that cheque might have been deposited; it might have been cashed too, you see.

Q. But there was a cheque at the evening of that day for \$1,000 that was payable at the People's Bank of Halifax, for \$1,000?—A. Yes.

Q. Then there are several other cheques there?—A. Yes.

Q. Have you any personal recollection of that cheque?—A. No; the only way to trace that cheque will be to refer to the People's Bank of Halifax, the supplementary cash-book.

Hon. Mr. CASSELS.—Has the clerk of that bank gone?

The REGISTRAR.—He intended to go last night.

WITNESS.—This ought to show in the People's Bank of Halifax supplementary cash book of the 20th.

Mr. WATSON.—We have a full record of that day.

Hon. Mr. CASSELS.—He was to give us a subsequent account.

Mr. WATSON.—He gave us the account until the end of June, and he was to give a supplemental account for the four days of July.

Q. Do you find any other cheque of \$1,000?—A. That is the only one that day.

Q. Any other day?—A. That is the only item from the 1st of May to the 1st of July for \$1,000 with the People's Bank of Halifax.

By Hon. Mr. Cassels:

Q. How does it read?—A. It is just figures.

Q. What is there to show that is a cheque?—A. The cash shows opposite the name, cash \$295, opposite the name.

Q. Why does it not take in this?—A. You see that is People's Bank of Halifax notes, and the whole thing is added.

Q. So that that \$1,000 must be a cheque?—A. It is a cheque.

By Mr. Watson:

Q. Do you mean to say if it was cash it would be added to the \$295 and make \$1,295?—A. Yes; if it were cash it would be added on and make \$1,295.

By Hon. Mr. Cassels:

Q. Have you any slips of the clearing house?—A. The People's Bank of Halifax has the slip; this is the copy only.

By Mr. Watson:

Q. Is it then certain, beyond any controversy, that there was a cheque for \$1,000 charged that day—that is the 19th of June?—A. Yes.

Q. To the People's Bank?—A. Yes.

By Hon. Mr. Cassels:

Q. Would not your teller's slip show the bills that were handed over that day? Supposing \$1,000 went out in hundred dollar bills, would not he have a memo in the bank show that?—A. I do not think so.

Q. He would have it the next morning?—A. Well, to make up the cash he keeps it for a month or so, and then destroys it.

Q. He would have had it at the time?—A. Yes.

Q. A memo. which would show exactly the numbers of the bills?—A. Yes, all the particulars of it.

By Mr. Watson:

Q. And is there any other book of your bank which contains any other reference to that \$1,000?—A. No.

Q. There is not?—A. No.

Q. You are sure there is not any other cheque for \$1,000?—A. Positive.

Q. Between May 1 and July 1?—A. That is the only \$1,000 entry with the People's Bank of Halifax.

Q. What other book did you bring with you?—A. The teller's blotter; it is the specification book, in June, up to 17th, and I surrendered my cash and handed it over to Mr. Ogden, the teller, who replaced me, and that is his work.

Q. The record is in his handwriting, and it shows what?—A. It shows that that transaction—I was not there at the time.

By Hon. Mr. Cassels.—The book should show it.

WITNESS.—It might have been a cross entry.

By Hon. Mr. Watson:

Q. It does not show there?—A. It does not show there. It is just to show that on the 19th I was not there.

Q. From the teller's book of the 19th you are not able to get any information which would assist in the matter?—A. No, it is just to show Mr. Ogden was running that part on that date.

By Hon. Mr. Cassels:

Q. Where is Mr. Ogden?—A. He is manager of one of the branches in the eastern townships.

By Mr. Watson:

Q. Have you any other books?—A. Those are the only books I have.

Q. Are there any other books that contain any record of that transaction?—A. No, there is no other book.

Q. So that we have to just rest with that position, that on June 19 a cheque for \$1,000 was cashed, or was charged?—A. Cash or deposit.

Q. Payable on the People's Bank?—A. Yes.

L. A. GAUCHER, sworn.

By Mr. Watson:

Q. In June, 1905, were you in the Bank Nationale?—A. Yes.

Q. In what position?—A. I was paying teller.

Q. How long have you been there as paying teller?—A. I would not say exactly, but about five years.

Q. Five or six years before that time?—A. Well, not before that time.

Q. Altogether, you mean?—A. About.

Q. What position are you in now?—A. I am again paying teller.

Q. At the same bank?—A. Yes.

Q. You have been there continuously?—A. Yes, nearly—sometimes by sickness I leave them.

Q. Did Holliday Brothers of the city of Quebec, have any account with the Bank Nationale in May or June, 1905?—A. I do not think so.

Q. Could you make quite sure?—A. Well, it is pretty hard, but I do not think he had an account.

Q. Did Mr. James Holliday have an account there?—A. No, sir.

Q. He did not?—A. No.

Q. Did Mr. VanFelson have an account?—A. I do not think so.

Q. Or Mr. Gregory?—A. I do not think so.

Q. What books have you produced?—A. I have three books. I have my books of my cash, of the cash book, of the second teller, where all my entries pass.

By Hon. Mr. Cassels:

Q. The deposit ledger is not here?—A. No.

Q. You could find out from telegraphing if there was such an account?—A. Yes.

Q. Is it very easy to find out from the deposit ledger?—A. Yes.

By Mr. Watson:

Q. In June, 1905, did you pay or receive any cheques on the People's Bank of Halifax?—A. I have it in my book here on the 16th of June.

Q. You have what?—A. Two cheques drawn on the People's Bank of Halifax, but I could not give you any particulars about them.

Q. On the 16th June, you have two cheques on the People's Bank of Halifax for how much each?—A. \$1,000 each.

Q. Where does that appear?—A. Here it is.

Q. Where does the date appear?—A. 16th June, 1905.

Q. Under the column headed 'People's Bank' you have entries as follows:—In that column \$1,000, and underneath it \$1,000?—A. In the book of the second teller.

Q. What was his name?—A. It looks to be signed by Morrissey, but the regular in that time was Mr. Fiset, so well as I remember.

Q. But this on the 16th June, is in the handwriting of whom?—A. Mr. Morrissey, I do not know if he was in charge of the department exactly, but he signed the book.

Q. Are those cheques?—A. Those look to be cheques. I could not say exactly, because we got so many entries in the bank.

Q. According to your best judgment, having regard to the entries in the book, what do you say there, cash or cheques?—A. Well, to my knowledge, they must be cheques, as they appear in the books.

Q. What date is that? 16th June?—A. 1905.

Q. Will you look at the earlier dates in June, particularly from the first to the seventh, and ascertain if there are any cheques or entries of \$1,000 of the People's Bank? Have you gone over it before this minute?—A. Well, a few minutes before leaving the bank.

Q. Have you gone over it sufficiently?—A. No, it was with a rush, because I saw I had only two hours before leaving Quebec. I see nothing in this.

Q. It will be necessary to take the dates in June, commencing at the first of June, if you will be kind enough to look at the book.

Hon. Mr. CASSELS.—Take it back into May as well.

Mr. WATSON.—We had better start, say 12th May.

Hon. Mr. CASSELS.—Yes.

By Mr. Watson:

Q. So as to cover the 13th May, see what there is about it. Take the 12th May, you please; have you that date?—A. Up to the 16th of June I have nothing.

Q. From the 12th May up to the 16th June you have nothing at all?—A. Except those two cheques on the 16th of June.

Q. I understand you have other cheques charged, but none of \$1,000?—A. No, sir.

Q. That is the fact, is it?—A. Yes.

Q. So that you are quite sure from the 12th May up to the 16th June there is no cheque entered of \$1,000, charged to the People's Bank?—A. From the first and second teller of the Banque Nationale.

Q. Then you have already told me about June 16. Look from that date on to say July 5, if you please?—A. Up to July 10 I have nothing at all of that amount.

Q. Not any cheque of \$1,000?—A. No.

Q. Will you oblige me by letting me look at the pages of June 5 and 6?—A. This is it.

Q. Is this the 5th?—A. Yes.

Q. Where is the People's Bank?—A. Right here.

Q. And June 6, please?—A. This is it.

Q. I see, it is just as you stated, nothing of the kind there. We are taking it for granted that you are quite accurate in the other details as well. You have looked over as well, from May 15 till July 10. We may take it you are quite accurate in your answers?—A. Yes.

Q. I wanted to test, particularly in regard to those. Then have you any personal knowledge of the payment of those cheques or of the transactions?—A. Not at all.

Q. Did you, in the early part of July, cash any cheque for Mr. VanFelson of \$1,000?—A. I do not remember that at all. You see it is only seldom that we take notice of those things, it happens so often. We change cheques by the hundreds.

Q. You cash cheques by the hundreds?—A. Yes.

Q. And the only records of thousand-dollar cheques during that time are those that you have mentioned?—A. Yes.

Q. If you cashed a cheque for \$1,000 that day, or any day during that time, would you make any entry of it?—A. Only by figures.

Q. Just as it is there?—A. Only by figures.

Q. As you have done in that case?—A. Yes.

Q. Then you would not cash a cheque without receiving the cheque, of course?—A. Of course.

Q. And then receiving the cheque, you make an entry of it in the way that is mentioned there, according to that system?—A. Well, not exactly in that system, but to pass that by special entry through the second teller and he enters in that book.

Q. The amount becomes entered in that way?—A. Yes.

Q. That is the regular banking system?—A. Yes.

Q. Not peculiar to that bank alone, but to all banks?—A. To all banks. I do not know any bank that takes note of all the cheques they change except the cheques from other places.

By Hon. Mr. Cassels:

Q. Is there a teller's blotter? The teller usually keeps a blotter?—A. The first year.

Q. I thought he always kept one showing the denomination of the bills?—A. This is my balance book.

Q. Does not the teller keep a blotter showing the denomination of bills he has paid out?—A. That is all we have got.

Q. Which is June 16?—A. Here it is.

Q. Where is the \$1,000?—A. It is not here at all.

Q. Why?—A. That is my book.

Q. Where is the one that shows the two thousand dollars?—A. This is the cash on hand. All the cheques from other banks pass into this book. Here it is.

Q. That is June 16?—A. Yes.

Q. This is the corresponding entry on June 16?—A. No, this one.

Q. How many hundred dollar bills had you on hand that night? Is there any thing to show that?—A. Not at all.

Q. It does not show the details of the cash?—A. No, only the amount I got in circulation of our bills that day.

Q. There is nothing to show the denomination of the bills on hand?—A. No, only the total amount.

By Mr. Watson:

Q. What other books have you got there?—A. I have the two paying teller books. That is my balance book over night, and that is my cash, and this is my entries of the day. Here they are, June 16.

Q. Does that contain any reference to \$1,000?—A. Not at all.

Q. It would not in the ordinary course?—A. No.

Q. What is the other book?—A. That is this one.

Q. What is that book?—A. It is the balance at night. Those are my entries. It shows the cash over night; this book must balance with that one.

MR. WATSON.—My lord, of course we received the information leading up to this evidence, and showing the payment of three cheques in the way mentioned at the particular times stated. My learned friend, Mr. Perron, has been in direct communication with the other banks, and all the other banks, as he informs me, through a responsible official, have definitely stated that there is nothing in their books that could possibly relate to or identify the payment, excepting the one bank, the Molson Bank, and we have not received a definite answer from them yet. If there is any thing that could give any trace or anything in their book, then their representative will be here to-morrow morning; but in view of their statements by responsible officials to my learned friend, Mr. Perron, I really did not feel quite satisfied in asking them to come up here—that is, the other banks—and, in view of the fact that we have information that your lordship has already heard mentioned in evidence as to the payment of three cheques during that month of \$1,000.

HON. MR. CASSELS.—The difficulty with regard to the payment of the three cheques that strikes me is this: supposing the three cheques were the cheques in question, as far as I am concerned, it is ended, because I am here to find out whether Boudreau was guilty of accepting \$3,000. If these three cheques were the ones on June 19, it falls to the ground, because Lawrence departed on June 6, and he was the witness. I have nothing to do with what VanFelson did with the money he got. I am here to investigate the charge against Boudreau, and the charge fails, unless there is some other proof. That is the way it occurs to me, unless you can urge a different view.

MR. WATSON.—The evidence as given, my lord, would strike any one just as it has been expressed by your lordship. Of course, I call attention to this circumstance that the evidence of Mr. VanFelson is fairly specific and positive that it was paid to Mr. Boudreau and before June 6, and he also says, so that there may not be any possible mistake, that it was not paid to any other official: so that to my mind, my lord, it is not a matter of inquiry now under the circumstances arising out of that evidence, as to payment to any other official than Boudreau.

Hon. Mr. CASSELS.—There is no charge made against any other official, and the specific accusation is made by VanFelson, supported by Lawrence, against Boudreau; but so far as that goes, it utterly falls to the ground, if those are the three cheques.

Mr. WATSON.—We have done the best we can, as your lordship will appreciate, to trace the cheques, and we have found three cheques of \$1,000, but at a date subsequent to the time spoken of by Mr. VanFelson. Those appear to be the premises, as nearly as we can trace them. Then, if the representative of the Molson's Bank arrives in the morning, we will call him. My learned friend will finish up with the witness from Prescott.

WILLIAM J. ALLEN, recalled.

By Mr. Perron:

Q. You were to produce from your firm the book containing the accounts of Mr. J. F. Fraser and Macpherson?—A. Yes.

Q. Have you obtained the book?—A. That is the book.

Mr. WATSON.—I would ask the representatives of the Quebec Bank and Banque Nationale, have you any objection to Mr. VanFelson going over your books in your presence?

The representatives of the banks named say they have no objection.

Hon. Mr. CASSELS.—Very well.

Mr. VANFELSON.—I do not want to go over them.

Hon. Mr. CASSELS.—This is not what you want.

By Mr. Perron (continuing examination of W. J. Allen):

Q. Let me see the account of J. F. Fraser first. I want you to show me the account of J. F. Fraser?—A. There is all there is.

Q. You are now showing me two entries, one of \$41.80 and the other one marked J. F. Fraser, Ottawa house, \$36.35?—A. Yes.

Q. This book is simply giving accounts due on January 1, 1908, town accounts and country accounts?—A. Exactly.

Q. What I want now from you is the details about this account?—A. Those are the details you have there.

Q. These are statements of accounts rendered?—A. That is the only way that account, or those other accounts you have there, or any of those small accounts you have in that book have ever been kept.

Q. But the present account of Fraser is not a small account, it amounted to \$361?—A. Yes.

Q. Do you call that a small account?—A. It is not a very large one.

Q. Well, I have your books before me, and I do not find a single one amounting to that; it must be a very large account in your business, because there is not a single account amounting to that?—A. I think you will find some there larger than that.

Q. Well, find me one?—A. There is one, \$1,410, and there is one larger.

Q. This one is one entered in your ledger?—A. Yes.

Q. You have satisfied yourself there is two accounts larger than this one?—A. Yes.

Q. And Fraser's is the next, the third largest, is it?—A. Just a moment; yes.

Q. The two accounts which are larger than Mr. Fraser's account are entered into the ledger?—A. Yes.

Q. And there are a great number of smaller accounts which are also entered in your ledger?—A. Those small accounts you find on that book are not in the ledger at all.

Q. I am not asking you that. I am asking you, is it the fact that there are a great many smaller accounts than Fraser's which are entered in the ledger?—A. The ledger will show that.

HON. MR. CASSELS.—You can look at the ledger and find out.

WITNESS.—Mr. Boyle has it.

MR. PERRON.—Then Mr. Boyle will produce it.

(Ledger produced.)

Q. Now, find out by your ledger, please. As a matter of fact, sir, all your accounts, but a very few of them, are entered into this ledger of yours?—A. No, excuse me, there are three-quarters of our accounts that are not in this ledger at all.

Q. How do you make that out?—A. At one time there was never a ledger kept with our establishment.

Q. What did you have?—A. Those were our ledgers.

Q. Loose sheets?—A. Yes.

Q. This account of Mr. Fraser's has been running ever since 1904?—A. Yes.

Q. And he has not paid yet?—A. There is a balance there of something less than \$78.

By Hon. Mr. Cassels:

Q. What balance is there?—A. About \$78.

Q. When was the last paid?—A. There are three or four credits through the account.

By Mr. Perron:

Q. What is the meaning of the pencil marks on this account?—A. It simply means they were incorrect and the prices were changed.

Q. That is to say, you charged Fraser and then made a reduction?—A. In rendering the account I just changed it.

Q. In rendering the account?—A. In making the account up.

Q. Do you mean to say you had charged Mr. Fraser about one-third more than you should have charged, found it out when you rendered the account, and changed it?—A. They were priced, I presume, by some of the other clerks.

Q. You presume. I want to know what it is?—A. Yes, that is it.

Q. I want to know what is the meaning of all those marks? You see the account has been reduced about one-third?—A. It has been reduced whatever it shows.

Q. It is about one-third?—A. And the same thing would have been done for anybody else.

Q. Do you mean to say in your firm you charge prices first which are not right, and afterwards change them, modify them, or what? Is that the way you do with everybody?—A. Well, if it is the fact that the prices are incorrect and put there by an error.

Q. Do you swear now that all those prices on three accounts have all been put there by error? Is that what you say, sir, four accounts?—A. I do not understand your question.

Q. Do you mean to say that all the prices which were originally charged to Mr. Fraser were wrong?—A. Well, I do not know that they were wrong.

Q. What is the meaning of those pencil marks in reduction?

By Hon. Mr. Cassels:

Q. You know, tell us the whole thing. You know what it means perfectly well?—A. In making out the accounts when asked for, I detected these prices were a little higher than they would have been to any person at all—

Q. Outside of what?—A. Outside of the department.

By Mr. Perron:

Q. Do you mean to say your man or your accountant, whoever it was in your firm, had overcharged all the accounts to Mr. Fraser?

MR. WATSON.—The simple fact is you gave him the benefit of the reduction in settling up?

By Mr. Perron:

Q. Why don't you say so?—A. Mr. Fraser never asked for no such thing.

By Hon. Mr. Cassels:

Q. You were not asked that question; you know perfectly well what he is asking. You said because he was in the Marine Department he was charged higher prices than others, and then when you came to fix up these accounts you reduced them to what they ought to have been; that is the effect of the answer? (No answer.)

By Mr. Perron:

Q. You had overcharged Fraser and then came down: that is the meaning. It is one-third all along? (No answer.)

Mr. GODFREY.—I think not on all the items.

Hon. Mr. CASSELS.—When were those deductions made?

By Mr. Perron:

Q. When were those deductions made?—A. Possibly——

Q. When?—A. I cannot tell you.

Mr. PERRON.—I think I will have all those accounts marked.

(Accounts, Exhibit 474.)

Q. Let me see your cashbook with the entries showing the payments made to you by Mr. Fraser?—A. There is nothing here.

Q. Dates of payments: you must have an index?—A. On this account there is nothing.

Q. No index?—A. The date is there.

Q. You must keep a time book of some kind?—A. No.

Q. You do not keep a time book?—A. Day book.

Q. How could you make these accounts? You have no journal, no ledger, how could you make these accounts?—A. I have no time book.

Q. Where is the day book?—A. It is not here.

Q. Why not?—A. You did not tell me you required it.

Q. You have no entry in the ledger. You bring me a single list of accounts. I asked you yesterday to get your books showing this account. It must be in your day book. Why did you not bring it?—A. It is all in the day book.

Q. Why did you not bring it?—A. You did not ask for it.

Q. I think I will have to have this day book. You were asked for all your books. I must get this book where we can see your account. Telegraph for your book. I thought I had explained to you. I want to get the books where I can find this account of Fraser and the other employees of the department. You understand me now?—A. Yes.

By Mr. Watson:

Q. Can you have them here this afternoon?—A. I possibly can.

.. Mr. WATSON.—Mr. Doutre has handed me a memorandum in answer to the request that your lordship made of him yesterday, giving the sizes of the diaphones which go with the various classes as set out in specifications for fog signal machinery. I am getting some other particulars too.

(Memorandum, Exhibit 475.)

JOHN BAIN, sworn.

By Mr. Watson:

Q. You reside here at Ottawa, and have been living here for some time past?—A. Yes, sir.

Q. Are you connected in any way with the gas buoy business, in which Mr. Wilson is also interested?—A. Yes.

Q. Until recently I understand you held quite an important position in the Customs Department?—A. I was Assistant Commissioner of Customs.

Q. Until about what time?—A. I think I resigned my position as Assistant Commissioner of Customs in February, 1907, to the best of my recollection.

Q. And was it at that time that you left that department? I thought it was later than that? I may be quite mistaken?—A. No, that is the time. I can verify it from this: there is an inscription on the back of my watch here.

By Hon. Mr. Cassels:

Q. Did you get a watch when you went away?—A. Yes.

Q. Were they glad to get rid of you?—A. I do not know.

By Mr. Watson:

Q. Look at your watch and see?—A. 16th February, 1907.

Q. When did you become identified with this carbide business, the gas buoy business?—A. Shortly after I left the service, a few days after.

Q. And what position do you hold?—A. I am general manager of the company.

Q. Of what company?—A. The International Marine Signal Company Limited.

Q. I do not know that there is any mystery or that there should be, but was there any reason why your name should not have been mentioned and disclosed at the former sitting of this commission in June, because your name certainly was not referred to at that time, and I was not aware at that time that you were connected with the company?—A. I know of no reason why there should be any concealment of my name.

Q. Then you have had personally to do with the business of the company since, say some time in March of 1907, as general manager?—A. Not quite, sir; I did not become general manager of the company until August, 1907.

Q. You have been general manager from that time on and are still?—A. Yes.

Q. As general manager you no doubt have in your possession and within your knowledge the list of the names of the shareholders of the company; that was not furnished to us at the former sittings. We asked for it but it was not then forthcoming. Have you that list here?—A. I have not, but I know it, though, pretty well.

Q. What book would that be in?—A. That would be in the company's book of record, which is not in my charge.

Q. That in the ordinary course would be in the hands of the secretary of the company?—A. Yes.

Q. Is there any one here you can ask to get that book?—A. Mr. Willson.

Mr. WILLSON.—The secretary is not here.

Mr. WATSON.—The book is in the office, I suppose?

Mr. WILLSON.—Yes.

Mr. WATSON.—Can you send a messenger and send the book here?

Mr. WILLSON.—I would have to send to the office and get it.

Mr. WATSON.—Then would you kindly send for it. All the books were asked for. It was understood we should have the books.

WITNESS.—I did not understand the subpoena called for the books of record: just the books of account.

Q. Yes, for all books of the company. Then you say in the absence of the book you can give the names of the shareholders?—A. Yes, I know the names of the shareholders. Roughly speaking, the stock of the company is held by Mr. Willson, the Willson Carbide Company, and Mr. H. A. Lytle.

Q. Mr. Willson, Mr. Lytle and the Willson Carbide Company?—A. Yes.

Q. In what proportion?—A. 12,000 shares: capital stock \$1,200,000: Willson owns half, the Willson Carbide Company twenty-five per cent and Mr. Lytle 25 per cent.

By Hon. Mr. Cassels:

Q. Is that the Ottawa company?—No, the Willson Carbide company, of St. Catharines.

By Mr. Watson:

Q. And the Ottawa Carbide Company is not a shareholder?—A. No.

Q. Have you anything to do with the Ottawa Carbide Company?—A. Nothing whatever.

Q. As I understand it, we have evidence of three companies, the International Log Signal Company, the Wilson Carbide Company, and the Ottawa Carbide Company—

Hon. Mr. CASSELS.—And the Shewinigan Carbide Company.

Q. Have you anything to do with any of the companies other than the International—A. None whatever.

Q. Have you any interest in it?—A. No.

Q. Are you a shareholder in the International?—A. No.

Q. Not any interest in the profits of the business?—A. Yes, I have an interest in the profits of the business under my business arrangement, but I am not a shareholder.

Q. So that from the time you became manager that you have spoken of in August, 1907—from that time forward you have had an interest in the profits?—A. Yes.

Q. That is in addition to your salary in your office?—A. Incident to the business arrangement I made, in addition to my salary.

Q. I do not know whether you have personally any objection to disclose your interest. It is a matter for yourself, if you have.—A. I would not like to, unless it was necessary.

Q. We will just proceed a little further and see what the other circumstances and facts may be—

By Hon. Mr. Cassels:

Q. When did the Willson Carbide Company get their stock?—A. I believe they sold it from the start.

Q. Twenty-five per cent of 1,200 shares?—A. Yes.

Q. Composed of Sutherland and Willson?—A. Yes.

By Mr. Watson:

Q. It has been in evidence that the late Mr. Sutherland had an interest in one or more of these companies. Have you any knowledge of that?—A. No, sir.

Q. I understand Mr. Lytle acquires his interest through the late Mr. Sutherland?—A. I cannot speak as to that. It is outside of my knowledge altogether.

Hon. Mr. CASSELS.—Part of his interest only; that is in the Willson Carbide company he took stock.

By Mr. Watson:

Q. Then during the life of Mr. Sutherland did you and he have any interviews or conversation in regard to the matters of this company, the business of this company?—A. Never.

Q. During the life of the late Mr. Prefontaine, did you and he have any conversation or interviews with regard to the business of either of these companies?—A. None whatever.

Q. Up to the time that you resigned your office of Assistant Commissioner of Customs, had you any knowledge, directly or indirectly, of the business of these companies?—A. None whatever, except in a very general way. I remember the case of the International Marine Signal Company having come before the Tariff Commission,

of which I was secretary. That is the only knowledge I had, general knowledge. I knew there was a carbide company over here, and carbide works down here, that is all.

Q. You got the knowledge then?—A. Yes.

Q. That may have been one of the reasons leading to your resignation?—A. Nothing whatever to do with it, absolutely nothing.

Q. At all events, in the course of that investigation, would the returns and profits of the company come before the commission?—A. I do not think the commission went that far.

Q. Since his lordship sat in June at Ottawa, I have been informed that Mr. Sifton—

Hon. Mr. CASSELS.—The clerk of the Bank of Montreal is still here. It might be well to look at his book.

Mr. WATSON.—Yes, Mr. Perron will attend to it.

Q. Now, then, Mr. Bain, my statement to you and question was this: that at the prior sittings in June certain statements as to holding of shares were made, and since then, and not at that time, we have been given information that the Hon. Mr. Sifton was a shareholder in the International Fog Signal Company, what is the fact?—A. Yes, he was.

Q. When did he become a shareholder?—A. The books of record, I believe, show that he became a shareholder in June, 1907.

Q. June, 1907?—A. But I think he negotiated for an interest for a few months before that time.

Q. At the time he became a shareholder, had you a personal knowledge of those circumstances?—A. Yes, I knew he was connected with it. At the time I joined him I knew he was connected or had negotiated for an interest in the company.

Q. At that time?—A. Yes.

Q. That was at the time of your resignation?—A. Yes.

Q. And at the time that you joined the company?—A. Yes.

Q. What interest did Mr. Sifton have?—A. Mr. Sifton's interest was \$150,000 that is, he had agreed to put up that much money; he had actually paid \$75,000, and was subject to call for the balance, \$75,000.

Q. Is he still a shareholder in that company?—A. No.

Q. When did he cease to be a shareholder?—A. Some time ago, sir.

Q. About what time?—A. Early in September, I think.

Q. Of what year?—A. Last year—this year, I should say.

Q. Early in September of 1908?—A. Yes, if I might be permitted to explain that, I know that he was negotiating for the sale of his stock for some time before that, and while I have no personal knowledge, and would not like to swear positively I think that the negotiations were practically completed before that time, although not officially completed till September, 1908.

Q. To whom were the shares sold?—A. I believe the negotiation and sale was made to Mr. Wilson, and probably Mr. Lytle; I am not sure on that point.

Q. Then the book should show these transfers?—A. Yes.

Q. Are those books here?—A. Those are the books that you have asked to have brought.

Q. Those are the books that are not here?—A. Yes.

Q. Are there any books here?—A. Yes, sir, we have got some books.

Q. Let me see what books are produced? I am rather surprised all the books are not produced?—A. The subpoena calls for all books, papers, documents, counterfoils &c., having reference to transactions with the Marine and Fisheries Department.

Q. That is pretty full?—A. I am not aware that those other books are called for by that subpoena.

Q. At all events, let us have the books?—A. Those are the books of the company. If you will permit me, on the matter of Mr. Sifton's interest in this company, I should like to explain, if you will allow me Mr. Watson—

Hon. Mr. CASSELS.—Better wait till you get the books.

By Mr. Watson:

Q. What is this first book?—A. That is the merchandise and sales book.

Q. This shows the goods sold during the periods mentioned in this book?—A. Yes, sir.

Q. Commencing November 13, 1906, extending to the present date?—A. Practically, yes.

Q. Will you show me the book containing the account of the Marine and Fisheries Department?—A. I may just explain that I am not familiar with these books; I do not keep them myself; the bookkeeper will answer any questions.

Q. Is the account there?—A. It ought to be; I cannot find it.

Mr. WATSON.—Perhaps Mr. Willson can point it out.

Hon. Mr. CASSELS.—You might get the clerk to do it.

Mr. WATSON.—He has gone away; he will be back in a moment.

WITNESS.—I am not familiar with the book.

Q. At the time you took your office in the company, you were of course well aware that the chief business of the company in Canada was in connection with the transactions with the Marine and Fisheries Department; is that not so?—A. No, sir.

Q. Let us separate then. Is it not the fact that at that time, July and August, 1907, the chief business of the company was in connection with transactions with the Marine and Fisheries Department—the chief business in Canada?—A. Well, of course, the only business the company had in Canada.

Q. Precisely so, and were you not aware at that time that the business between the department referred to and the company amounted to hundreds of thousands of dollars each year?—A. I had no particular information on that point. If you permit me to explain at this point, I think I can facilitate the enquiry. When I joined Mr. Sifton and became associated in business with him, he told me about this thing; he either said that he had an interest in it, or had negotiated for an interest in it; he believed it to be a wonderful thing, expected there would be a wonderful development throughout the world for it, that the sales would be enormous, and he wanted me to take charge of the foreign end of it with himself. That is what he got me for, and in pursuance of that policy I went to Brazil and presented the affairs of the company.

Q. When did you go to Brazil?—A. In March, 1907, and submitted the merits of this invention to the Brazilian government, took down two buoys with me and had them tested, and at the conclusion of the test the Brazilian government adopted the system as the standard and have purchased from us buoys to the extent of \$160,000.

Q. You are promoting the interests of the company?—A. Yes.

Q. We are not interested in the purchases of Brazil?

By Hon. Mr. Cassels:

Q. You are accounting for your absence, I suppose?—A. No, I was explaining the knowledge I had of this when I went into it, and I went into it for the purpose of promoting the foreign business, which we were developing largely.

By Mr. Watson:

Q. In March, 1907—that is the date you resigned from the Customs—you knew Mr. Sifton was interested in the business of this company, and this company had as its only customer in Canada the Marine and Fisheries Department?—A. Naturally.

Q. That is right?—A. From the very nature of the business, the only customer this company could have would be the government.

Q. Just answer my question; that is a fact, is it, that in March, 1907, when you resigned, you had the knowledge that Mr. Sifton was interested in this company, and that the only customer of this company in Canada was the Marine and Fisheries Department?—A. Oh, yes.

Q. At that time, was Mr. Sifton a member of the government?—A. No, he was not.

Q. What?—A. No, he was not.

Q. When did he cease to be a member of the government?—A. I believe he resigned in 1905, in 1905 to the best of my recollection, not only was he not a member of the government at that time, but he was, having left the government, contemplating retiring to private life.

Q. It has been suggested to us, as counsel here, that one of the reasons why you joined that company was to better facilitate and promote the interests of the company with the Marine and Fisheries Department, and connection with sales and prices?—A. I would answer that question by stating that when I left the government service I had no idea I was going to be connected with the International Marine Signal Company. When I left the service I had three or four offers, and I left the government to join the Hon. Clifford Sifton, to become associated with him in business, and it was after I joined him I knew of this business.

By Hon. Mr. Cassels:

Q. What kind of business?—A. Various.

Q. But when you left to join him, what kind of business?—A. I did not enquire closely. He said, 'I have need for a man of your kind. Will you join me. I am going into a number of business enterprises, will you join me?' And I said, 'I would sooner join you than any other man in Canada.'

By Mr. Watson:

Q. We have nothing to do with any matters outside of the Marine and Fisheries Department, except insofar as they may effect the officials of that department. What I am concerned with now particularly in the question I ask you is—and which I repeat—were you joining this company for the special purpose of promoting the interests of the company in sales and prices with the Marine and Fisheries Department, and in that way being in close touch with the officials of that department?—A. I was not in close touch with the officials of the department.

Q. Not in close touch with that department?—A. No.

By Hon. Mr. Cassels:

Q. Answer the first part of the question?—A. I did not go into this thing with the idea of promoting it in any way; as I explained, Mr. Sifton found this to be a wonderful thing that would develop into a large business over the world, and I joined Mr. Sifton and went to Brazil for the purpose of promoting the foreign end of it, and had nothing to do with the Canadian end of it until August, 1907, when the Canadian company asked me to become their general manager.

By Mr. Watson:

Q. Since that time you have had to do with the procuring of orders from the Marine Department, and the fixing of prices to be paid by that department?—A. Naturally, yes.

Q. You left the Customs February 16, 1901?—A. Yes.

Q. Made your arrangements early in March?—A. I left New York for Brazil on March 4.

Q. That is only 16 days after you left the Customs?—A. Yes.

Q. During these 16 days you must have made all your bargain and arrangement?—A. My bargain and arrangement were made before I left.

Q. In connection with this deal?—A. The whole thing was done in a few days. I think I was two days with Willson getting instructions.

Q. I merely mentioned the dates to see if that made any difference in your idea that you did not leave the Customs Department in order to go into the buoy business with Mr. Sifton?—A. No.

By Mr. Watson:

Q. You say you did not?—A. Yes. Let me make it clear: When I left the government service I had no idea I was going in with the International Marine Signal Company in any manner, shape or form. I left the service to join Mr. Sifton as a business associate of his, and after I had left the service he mentioned this as one of the business enterprises with which he was connected. He says, 'Now, I am looking after the foreign end of this business, and I want you to go to Brazil and do the business.'

By Hon. Mr. Cassels:

Q. The point is, had he mentioned that before you left the department?—A. He may, in a general way, but there was no business arrangement.

By Mr. Watson:

Q. You are answering the questions; what we want, as already indicated, is the bearing of these relations, so far as they may affect officials of the Marine and Fisheries Department. Now, at that time I understand you were quite familiar with the officials of the Marine and Fisheries Department?—A. Well, I knew them, a brother official, I knew them; that is all.

Q. Now, then, it has been suggested that since that time your influence was used with the official of that department to procure business benefits to your company?—A. I am not aware that I have any influence with the officials of the Department of Marine any more than any other man.

Q. Since that time have you produced higher prices?—A. No, sir.

Q. Are you quite sure?—A. Absolutely sure; as a matter of fact, the prices are lower; I reduced the prices.

Q. You reduced the prices?—A. Yes.

Q. To the Department of Marine and Fisheries?—A. Yes.

Q. Why did you do that?—A. For various reasons; in the first place, competition.

Q. I did not think there was any competition?—A. Oh, yes.

Q. I thought it was claimed this was the subject of a patent?

Hon. Mr. CASSELS.—German competition.

Q. German competition?—A. There is no competition in the precise article, and when we are talking business we do not look upon it seriously as competition, but it is competition nevertheless.

Q. You do not look upon it seriously as competition?—A. No.

Q. You do not want to advertise the other man's patent?—A. Exactly so.

Q. Who holds the other patent that does compete with you?—A. There are two concerns. There is the Pintsch patent, the oil gas pumped into a buoy and used in that condition, and there is the gas accumulator, a Swedish concern, who have a buoy now and are very active in competition against us.

Q. Why do you say the prices were reduced on account of the competition which was not considered serious?—A. You did not allow me to go on. There were various reasons. At the time Willson started manufacturing buoys he had no factory of his own, and got the goods made for him by others, and high prices had to be paid. He did not make the maximum profit he would have made if he had a well equipped factory of his own. A business of this kind can only be brought to the point of perfection by very considerable development. After a while Willson got his business on the proper basis, best class of business and stock, and we found we could make it. When I went there, there was no system of cost-keeping. I introduced a system, and gradually worked the thing down to the best basis, and for all these reasons, finding we could produce cheaper because of our better organization in the factory, and also because raw materials could be purchased cheaper—let me illustrate: There is a long tube we use, twenty feet long; we paid \$10 a foot for it, and are now getting it at \$3.50. It was a new thing and had to be specially made, and the manufacturers in

England and Brooklyn charged us high prices. When they found they were getting a large business, and the initial expenses were overcome, they reduced the prices; and the same with other things; these came down, competition as well as cheaper production, and I thought the cheaper my prices the more buoys the government were likely to buy, and for these reasons the prices were reduced.

Q. From the records it appears the department were buying freely before that?—A. I do not know about that.

Q. I understand from your evidence now that the profits up to that time, or at that time you went in, were really unnecessarily high, in fact excessive, and that following upon your connection with the company, the prices were reduced somewhat?

Hon. Mr. CASSELS.—He did not say that.

By Mr. Watson:

Q. Is that not the result of what you say?—A. I did not inquire what the profits of the company had been prior to my connection; it is a matter that did not concern me at all. What I am concerned about is trying to make a fair reasonable profit out of the business I am doing, and I will state now positively we are not making any more than a fair, reasonable profit, all the elements of the business being considered. We are not making an abnormal profit, and I can prove it to anyone in connection with the business.

Q. In connection with that you have the books and the balance sheets?—A. Well, sir, as to that we have the books, and I have nothing to conceal so far as the books are concerned, so far as this inquiry is concerned; but I submit it to you, Mr. Watson, whether it is a fair thing for us to be asked to state our profits in open court, so that every government in the world will know them and know what we are doing, and our competitors will know it and know what we are doing. This is a peculiar business. We are only selling to governments throughout the world; we cannot sell to anybody else; the government alone have the power to order these articles and no person else. If our profits are published abroad in this court, they will go abroad to every country in the world and we will meet with competition. I have nothing to conceal. I can make a statement as to the profits if you oblige me, but I do say, and say positively, that the profits of this company, all these things considered, after payment of the very heavy selling expense sending men abroad—I have four men now abroad at very heavy expense—taking all these things into consideration, we are not making any greater profit to-day than any other people in manufacturing. I do not believe the profits of this company will exceed from 30 to 35 per cent at any time, or have exceeded it in the course of its history.

By Hon. Mr. Cassels:

Q. That is taking the whole of the business all over the world?—A. Yes.

Q. Supposing it turned out under the Patent Act you were bound to manufacture at a reasonable price in Canada and sell at a reasonable price, it might make a difference?—A. I think we are selling at a reasonable price in Canada under these circumstances.

Q. That is the peculiar position I am placed in. I do not want to go over your private affairs—A. I understand. Apropos of that, might I make a suggestion—

Q. It is charged here, rightly or wrongly, that the officials of the Marine Department have shown lack of conscience in paying what they are asked, irrespective of their legal rights. Supposing it turned out the cost of manufacturing was \$1,000, and you got a liberal allowance for your patent rights and the expense of manufacturing, it might be 100 per cent profit would be a reasonable profit, or it might be 25 per cent would be reasonable profit. That is the position I am in?—A. Let me say this. That I have not sold to the government of any other country—and I have sold to many other governments—at a lower price than I have sold to the Government of Canada.

By Mr. Watson:

Q. What other governments have sales been made to?—A. Well, sir, we have sold to Corea, Brazil, we have sold to the Mersey Docks and River Board of Liverpool, the most important in the world, sold to the United States, Austria, Guatemala, and I now have buoys on the way to Argentine and Uruguay and Chili. They are practically stalled there, and will be accepted after a formal three months' test.

Q. You have not sold to the British Government?—A. We have not sold to the British or German Government so far. We had some difficulty there, but I think it is overcome now.

By Hon. Mr. Cassels:

Q. If you sold to Great Britain, you would have to put up your manufactory?—A. I argued the case with the officials of the government, and I think they agreed with my view, that the government under the patent, having the right to manufacture for themselves, takes the case out of the statute.

Q. I read nearly every day of foreign patents being cancelled because they have not started under that new Act?—A. And I have read, but the point I raised was that every British patent, the government take the right to manufacture the article themselves, and they did not say nay to my argument.

By Mr. Watson:

Q. Now, then it is necessary to be specific. You have been given this latitude by his lordship in your general statement, but it is necessary to be quite specific with regard to the transactions with this department. I want to know if you can tell about how much the prices to the department have been lessened during the last two years of a year?—A. Yes, roughly about twenty-five per cent. For instance, a buoy that was sold at \$3,000 was reduced to \$2,250.

Q. Now, then the price of the buoys depends upon what? Size?—A. Size, yes.

Q. And power. Does the power correspond with the size?—A. Yes.

Q. More or less as the case may be?—A. Yes.

Q. And the prices of the buoys run from what amount to what other larger amount?—A. They run to-day from \$1,550 up to \$10,000 or \$12,000.

Q. \$10,000 or \$12,000?—A. Very few of the buoys at that price. The principal buoys sold are \$1,550 and \$2,250.

By Hon. Mr. Cassels:

Q. How do the buoys maintain their upright position in the water? Are they weighted in the bottom?—A. Yes, then they are anchored as well.

Q. I suppose the anchor chain would have to be long?—A. Yes, twice the depth of the water.

Q. It rights itself simply from the weight?—A. Yes, it rights itself.

By Mr. Watson:

Q. Then in connection with these transactions you have come directly into communication with Mr. J. F. Fraser?—A. Yes, I have met him.

Q. All the transactions have been through him?—A. Not necessarily, I have spoken to him on a number of occasions.

Q. I see in the fiscal year of 1904 and 1905 the total sales, this being by Mr. Millson, amounted to over \$336,000—that is in one year?—A. I cannot speak as to that; I do not know anything about it, it was before my time.

Q. Those transactions were before your time, those were also with Mr. Fraser, continued afterwards through Mr. Fraser with you?—A. As far as Mr. Fraser is concerned, I have seen him a number of times, and I have also seen the ministers.

Q. You got the orders from Mr. Fraser?—A. No, sir, from the department.

Q. Fraser represents the department as the commissioner of lights?—A. I think the orders always come signed by the deputy minister.

Q. I suppose you know the system as an official?—A. Why, certainly.

Q. That is the commissioner of lights or the different branches report to the deputy?—A. Yes.

Q. So that the responsibility in the first place is upon the head of the branch?—A. Yes.

Q. In this case Mr. Fraser was the head of the branch?—A. Yes.

Q. So that the first communications would be with him?—A. Not always. I sometimes spoke to the minister direct.

Q. You do not mean to suggest that the minister enters into details, giving orders before any one else does it?—A. I do not know that he does.

Q. He acts upon the recommendations to him?—A. Yes, I suppose so.

Q. From the heads of the department?—A. Yes.

Q. And other officials?—A. Yes.

Hon. Mr. CASSELS.—Does not the evidence indicate that the Lighthouse Board meet and consider where a buoy shall be placed, and then they recommend the purchase? They are a mere advisory board, but still they make a recommendation as to where a buoy shall be placed, and that is brought before the department by Mr. Fraser.

Mr. WATSON.—Quite so, but the Lighthouse Board has nothing to do with the prices.

Hon. Mr. CASSELS.—No, they recommend.

By Mr. Watson:

Q. Before the spring of 1907, according to your statements, I take it that you regard the prices that were charged to the department as excessive?—A. No, sir.

Q. I thought that followed from your previous statement?—A. No, it does not follow. Pardon me, I had nothing whatever to do with these prices, but I was dealing with the matter from my standpoint.

Q. What negotiations have you had since in regard to prices?—A. None whatever.

Q. You mean to say you have voluntarily reduced prices? Do I understand that?—A. Yes.

Q. You are a very generous seller?—A. Not at all. If I can sell two buoys at a reduced price where I could only sell one before, I make more money.

Q. Why, as a manufacturer and seller, would you voluntarily reduce, when you could get the higher prices?—A. For this reason; that I can sell more buoys at a reduced price than a high price.

Q. Did you try to sell at the original price, with the higher prices?—A. Not particularly. I viewed it as a business proposition.

Q. Then it would appear that the department, through its representative, was an easy purchaser?—A. No, I would not say so.

Q. You have already told me that you had no discussions about prices. You had the sole fixing of the prices?—A. Yes.

Q. Was there ever any dickering about prices?—A. Not so far as I know.

Q. There were no two sides?—A. No.

Q. No bargaining as to the prices?—A. No.

Q. Then it means that the officials of the department contracting paid you the prices you asked for without objection or discussion, is that the fact?—A. As far as I am concerned, I fixed my own price.

Q. And it is a fact that there has been no bargaining or discussion about prices?—A. No.

Q. Between you and any official of the department?—A. I may explain, however that Mr. Doutré has made some inquiries as to our cost, and that sort of thing.

Q. Quite casual inquiries?—A. No, he has been down in our factory, and made a very thorough examination, and looked over our buoys, and examined our cost of material, and got a good deal of practical information.

Q. Has he demanded a decrease of prices?—A. No, he has not, because our prices are reasonable.

Q. You are a true advocate for your company?—A. I try to, always.

Q. The difficulty is—it would occur to you from your evidence, would it not—that there has not been the same advocate on the other side?—A. Well, that is a matter of opinion.

Q. At all events, the position is then stated frankly by you at the present time, that you have absolutely fixed your own prices, and that there has been no discussion or dickering, or attempt to get smaller prices from your company?—A. Not so far as I am concerned, no.

Q. So that you made your prices. There has never been the condition of affairs that those were your prices and you would not sell for less?—A. I would not sell for less to-day.

Q. Has that condition of affairs ever arisen?—A. Not with me.

Q. It has not?—A. No.

Q. What do the patents cover, what portion of the goods supplied by you? Does it cover—will you state what part?—A. It covers the whole of the buoys.

Q. What do you sell in addition to the buoy as accompanying it, for use and operation?—A. Nothing.

Q. Is there not a plant or other appliances sold for use and operation of the buoy that are not covered by patent?—A. No, sir.

Q. So that do you claim that the patent covers every part of the machinery, if we may so speak, or plant that is sold by you?—A. Yes.

Q. Is that so?—A. Yes.

Q. Have you your patents there?—A. No, I have not. I did not think of bringing them.

Q. Is there more than one patent?—A. I think about 150 of them.

Q. They would be pretty bad by this time?—A. They are all over the world.

Q. I mean in Canada?—A. I suppose there are three or four.

Q. We are not concerned about patents anywhere else. I would like to see them?

—A. I can have them brought here.

Q. Is it a fact that by reason of the patent larger prices have been exacted than otherwise would have been exacted?—A. Yes.

Q. That is the fact?—A. Why, certainly.

Q. So that if they were not covered by patent, they could no doubt, and would no doubt, be produced at a much less rate; that is if open in the market?—A. Well, that is a difficult question to answer.

Q. That follows from your previous answer?—A. It follows in the ordinary course, but this is a peculiar business.

By Hon. Mr. Cassels:

Q. Could you state what proportion of your price you treated as the value of the patent, being a patented invention?—A. No, I could not, my lord.

By Mr. Watson:

Q. Your statement that it is a peculiar business, may have more than one meaning?—A. I have only one meaning.

Q. What do you mean?—A. I mean it is peculiar in the sense of manufacturing; it takes a large plant specially for the purpose, and few people could go into the establishment of such a plant unless they had a large business; and if it were not a patented article, and people were making these buoys, I do not believe they could make them as cheaply as we could.

Q. Do you make them entirely?—A. Yes.

Q. Or do you not let out by contract the making or manufacturing of parts?—A. Well, we get the castings made in Owen Sound, and some of them made in Ottawa, but, apart from that, I think I may say, roughly speaking, we manufacture buoys, we have to buy the castings, and some day or other we will put in a foundry in our place

and make our own castings. Of course, we have to buy our plate and tubes. We have a large machine shop and factory and quite a number of men employed.

Q. Have you, in view of the statements previously made with regard to the fixing of prices, and the way the sales are made to the department, have you in connection with that a statement showing the cost of the articles to your firm that were sold to the department?—A. Well, I know the cost of the articles to my firm; yes.

Q. You know the cost?—A. Yes.

Q. Now, a buoy that sold at \$8,000, I am informed would cost much less than half that amount?—A. Well, Mr. Watson, don't ask me to lay bare my soul to my competitors. I do not want my competitors to know what it costs me to produce, and I do not want the governments of the world to know what it costs me to produce—surely.

Q. Have you a statement that you can hand to his lordship?—A. I would be quite prepared—there is nothing occult, sir, about this thing. You can select an engineer and send him down to our factory and show him the parts of every buoy and the parts we make, and he can form such a conclusion.

Q. Have you prepared such a statement?—A. I have a rough data and have it all down in my office. I know what every buoy costs me.

Q. Following upon the direction and ruling which his lordship gave at the early sittings of this commission, it is my duty to ask you to produce that?—A. I would not like to produce it. If you insist and his lordship insists, I must do it, but I would point out that this is an exceptional case. We are not only selling to the government of Canada, but to every government, and in a very few months we will be selling to every government in the world. We have active competitors, and if I told what it costs, it might—

By Hon. Mr. Cassels:

Q. How long would it take to prepare a statement?—A. I can do it in a moment.

Q. Can you prepare a statement and let Mr. Watson and me look at it?—A. Yes, and I would be glad to do it.

Hon. Mr. CASSELS.—I do not know whether it is the case, but I think every buoy purchased is purchased with the authority of the governor in council.

Mr. GODFREY.—Yes.

Mr. WATSON.—No.

Hon. Mr. CASSELS.—I see a very large number of orders in council, the first one by the Minister in 1906, in which he recites from the beginning the number of buoys purchased, prices paid, and situation, and that is all approved by the Governor in Council, and I see there is a recommendation by the Minister to the Governor in Council.

Mr. WATSON.—The first order in council was the one of the 23rd July, 1906.

Hon. Mr. CASSELS.—Will you read that and see if it relates back.

Mr. WATSON.—The order in council speaks for itself. I am instructed that was the first order in council.

Hon. Mr. CASSELS.—The first order in council deals with the earliest purchase.

Mr. WATSON.—In a retrospective way. I understood your lordship to ask if at the time of the purchases there were orders in council.

Hon. Mr. CASSELS.—No orders in council for the original purchases, but there were orders in council for the subsequent purchases during Mr. Brodeur's time.

Mr. WATSON.—For the three fiscal years in question, the total purchases amount to \$731,230.

Q. Now, then, Mr. Bain, you undertake to produce to his lordship and to me and to my learned friend, Mr. Perron, the statement that you have last referred to?—A. Yes, subject to his lordship's subsequent decision; that is as I understand the point.

Q. As to what?—A. As to whether it shall go as a matter of record. I want to be very frank about it. I will give you all the information I have, and you can examine my books, but I do not want my competitors to know it, that is all.

Mr. WATSON.—That will be a matter for his lordship's direction.

Hon. Mr. CASSELS.—What I was trying to suggest is this: I do not want to probe into the affairs of the company unless it is necessary. If you say you can furnish us with a statement giving accurately the whole thing, if necessary we can have it checked over and verified.

WITNESS.—Yes.

By Mr. Watson:

Q. Is it not a fact that you have been very active and using a very great deal of influence with some of the officials in obtaining orders which have been given to the company since your connection?—A. Not any more active than I would be doing my other business.

Q. Have you not solicited orders?—A. Certainly.

Q. Do you await the receipt of an order for the use of the public, for public purposes, or do you set about to solicit orders, and to open up new places and endeavour to have them placed?—A. Certainly.

Q. You take the latter course?—A. We educate all the time.

Q. Educate for profit?—A. Of course.

Hon. Mr. CASSELS.—Is that to the Lighthouse Board or to the government direct? Here is a complete list of the recommendations of the Lighthouse Board, showing the location and everything else. I see they turn down a good many of them.

By Mr. Watson:

Q. Then, following upon that, you make your soliciting to the officials?—A. Yes.

Q. To Mr. Fraser?—A. He would go to him.

Q. And then he goes to the Lighthouse Board?—A. I do not know what he does.

Q. You rest with what you do with him?—A. Exactly.

Q. He acts, does he not, sometimes as representing you in soliciting and pressing for the placing of buoys?—A. I do not know, sir.

Q. But at all events, you set him in motion to the fullest extent you are able?—A. I simply ask if there is any business doing, we would like to get some: that is about the extent of it.

Q. But you have your system, as I understand, whereby you prospect and ascertain where buoys might be placed?—A. Make suggestions.

Q. You are, therefore, leaders in that way?—A. Let me illustrate in this way—

Q. Do not make a speech?—A. There was an argument in the House one day. Buoys were wanted for the Trent Valley canal: a certain member asked for them, and the minister said he would see about it, and I made it my business to see the official was aware of that matter.

Q. You do not wait till it comes up in the House, or perhaps it was at your suggestion it came up in the House?—A. I won't say that.

Q. Does that not lead to the possible inference that you have been over-pressing and influencing officials in the department, leading to the want of conscience on their part?—A. I do not think so: I certainly have not been over-pressing.

Q. Have you not on occasions held out inducements to one or more officials?—A. Never, never, never.

Q. Is it not a fact that some of the officials have directly or indirectly received some benefits or gains by reason of the orders and the large business?—A. I know nothing whatever.

Q. Then who would know? The paymaster?—A. The officials themselves.

Q. But who would know in your company? Who is the paymaster in your company?—A. Our treasurer or assistant treasurer is Mr. Scott. Mr. Willson is the president. I am the manager.

Q. But who would look after that sort of thing, the distribution of business houses and benefits and gratuities?—A. There is no distribution of bonuses as far as I know.

Q. I do not know what sort of company would make it, if yours does not, with this very large business?—A. Not to my knowledge.

Q. Has that ever come up before you? Has there ever been a request for anything of the kind?—A. No, sir.

Q. Has anything of the kind ever occurred?—A. No, sir, not so far as I know.

By Hon. Mr. Cassels:

Q. No gratuities?—A. No, sir, I have no knowledge whatever of any payment of that kind whatsoever.

Q. Can you tell from a reference to your books if anything of the kind is done?—A. Well, there is nothing in the books to show it.

Q. Are you sure of that?—A. So far as I know.

Q. Have you looked at the books to ascertain?—A. Yes, I have glanced over them.

Q. It is said that sort of thing is not proper to appear in the books?—A. It is a matter I do not know about.

Q. Do you know anything about any such payments directly or indirectly?—A. No, sir, I do not.

Q. With reference to Mr. Sifton's connection, has he had to do with the sales or the transactions with the Marine and Fisheries Department?—A. No, sir.

Q. How do you know that he has not?—A. As far as I know, I speak of my own knowledge.

Q. Has he taken any part?—A. No.

Q. In the transactions?—A. The interest that Mr. Sifton has, as I explained, has been very largely to promote the foreign end of it, and I joined him for that purpose. After I joined him he asked me to go to Brazil, and he has been more concerned about that than anything else; in fact, I have never relied upon him in any sense as far as Canadian business is concerned. That is an absolutely true statement, and might I interject here that Mr. Sifton's reason for selling out was when he decided to become a candidate again.

Q. When do you mean?—A. In September, 1908, about that time. He may have negotiated a few months before that, but at the time he acquired his interest in the stock, I understood then from him direct that he contemplated leaving public life altogether, having left the government. Subsequent to that he decided to become a candidate again, and then he commenced negotiations for the sale of his stock.

Q. What is the difference between the position of a candidate and a member?—A. That is a matter of opinion I do not wish to say anything about. I am merely stating the facts as I understand them.

HON. MR. CASSELS.—Was Mr. Sifton a member?

MR. WATSON.—Yes.

HON. MR. CASSELS.—I thought he was out of the House.

WITNESS.—No, he resigned from the Cabinet in 1905.

Q. But he remained a member after that?—A. Yes. Might I also say, to facilitate the inquiry—you wish to know the facts—Mr. Sifton made no profit out of this business.

By Mr. Watson:

Q. What?—A. Made absolutely no profit; did not get a dollar of profit.

Q. A shareholder without profit?—A. Yes.

Q. In this company?—A. Yes, except he was paid six per cent on the \$75,000 while it remained in the business.

Q. Why did he not get the profits with the other shareholders?—A. There were no profits declared or distributed.

Q. No profits declared or distributed?—A. No.

Q. I suppose when he sold he got a premium to cover undistributed profits?—

A. When he sold he got six per cent on the \$75,000 he put in the business. During the time the money was in the business he never got anything out of it.

Q. Are you speaking of your own personal knowledge?—A. Yes.

By Hon. Mr. Cassels:

Q. Was that six per cent per annum?—A. Yes.

Q. He went out with his capital and six per cent?—A. Yes.

Q. And your information was that when he became a candidate for the Commons he found it proper to retire from the company?—A. Yes.

By Mr. Watson:

Q. That is what you have stated with regard to it?—A. That is the facts as I understand it.

Hon. Mr. CASSELS.—It is only fair to Mr. Sifton to get out these facts, because he is not here.

Mr. WATSON.—Oh, yes, my lord.

Q. You will have that statement prepared?—A. Yes.

By Hon. Mr. Cassels:

Q. In making that statement, if it is possible, I would like you to separate foreign business from the Canadian business, if you can?—A. It is very hard to do so, because our office expenses and drafting expenses—

Q. Well, make the statement?—A. I will give the best I can.

Mr. GODFREY.—Just one question I would like to ask Mr. Bain.

Hon. Mr. CASSELS.—Better wait till he finishes his evidence.

WITNESS.—Might I say a word now, Mr. Watson and your lordship; it seems to me, sir, that the merits of these buoys is a question of consideration—

Hon. Mr. CASSELS.—I do not think you need bother about the merits of the buoys. I have seen them and know all about them, and had all the evidence in Montreal about them, and I can assume that the merits of the buoys or the advisability of placing them in the St. Lawrence is not questioned.

Mr. WATSON.—Where is the official with the books to verify the books?

Mr. WILLSON.—Here are the books.

By Mr. Watson:

Q. What is this book?—A. That is the book of record.

Mr. WATSON.—I will have this book marked. This is the book containing the charter and stock book, and directors.

(Book, Exhibit 476.)

By Hon. Mr. Cassels:

Q. Do you recollect the date of Mr. Sutherland's death?—A. I do not.

Mr. WILLSON.—I think it was in May, 1905.

Hon. Mr. CASSELS.—The reason I asked that question is this; the fact has come out to-day, which I was not aware of at all, that the Willson Carbide Company of St. Catharine became a stockholder in this International Company. Mr. Sutherland had an interest in that as shareholder from the beginning, and it was in regard to that; but I thought he died earlier than that.

By Mr. Watson:

Q. When did the Willson Carbide Company become a shareholder in the International?—A. The company was formed in November, 1906.

Q. Not until then?—A. No.

By Hon. Mr. Cassels:

Q. Do you know whether he had an interest before that date?—A. I cannot speak as to that; I do not know.

THOMAS L. WILLSON, sworn.

By Mr. Watson:

Hon. Mr. CASSELS.—Before you give your evidence, I may say that we have spent two or three weeks in advertising the merits of the buoys; so confine ourselves to the facts without making a speech.

Mr. WATSON.—We cannot exhaust Mr. Willson in that way. We know you are very full of the subject from previous hearings.

Q. Have you a list of the shareholders of the Willson Carbide Company?—A. Not with me, but I can tell you who they all are.

Q. We asked you before about these books. It is the hardest thing in the world getting these books from you?—A. You did not ask me to bring a list of the shareholders of the Willson Carbide Company.

Q. Who are the shareholders?—A. They were myself, my wife, Henry A. Lytle, of Woodstock, William Mackenzie, Alfred M. Scott, Mrs. Cynthia Gerrie. I believe that is all.

By Hon. Mr. Cassels:

Q. What holding had Mr. Sutherland at the time of his death?—A. About 25 per cent.

Q. And he had that originally, had he not?—A. Yes, he had from the beginning. Beginning with purchasing small interests, until he got up somewhere 25 or 35 per cent ultimately. It is only now after Mr. Lytle's purchase—

Hon. Mr. CASSELS.—Statements were made with regard to Mr. Sutherland, and it is only right it should be put on record.

Q. Now, you should be able to tell us what Mr. Sutherland's interest in the St. Catharines company was, and how it was increased from time to time, because it turns out now the Willson Company of St. Catharines had a large interest in this company here, and every share in the Willson company would get the necessary benefits from that?—A. I can give you the exact figures at the present time; Mr. Lytle's holding is 83 out of 300—

Q. He did not get that out of Mr. Sutherland?—A. No.

By Mr. Watson:

Q. Who are the shareholders of the Ottawa company?—A. Hon. E. H. Bronson, Frank Bronson, Walter Bronson, Levi Crannel, Lytle and myself.

Q. The interests of Mr. Lytle acquired in the same way, I suppose?—A. Yes.

Q. Who were the shareholders of the International?—A. At the present time myself, my wife, Mr. H. A. Lytle and wife, and Mr. A. M. Scott.

Q. And the interest of Mr. Lytle acquired in the same way?—A. No, Mr. Lytle's interest was absolutely and solely by purchase.

Q. By him?—A. Yes.

Q. When?—A. After the organization of the company.

Q. When?—A. November, 1906.

Q. You have heard the evidence of Mr. Bain?—A. Yes.

Q. And of the statement he has made his lordship that he would prepare a memorandum in regard to cost; I have no doubt you will co-operate and assist in that?—A. I do not approve of it.

Q. Will you co-operate and assist?—A. I will assist in any way I am able.

Q. You do not approve of what?—A. He is preparing a statement to be made public to the world; it is not fair or honest.

Hon. Mr. CASSELS.—You did not hear what had taken place. The object of preparing the statement is to prevent it being made public to the world. It is my duty to make everything public, if anything is to be gained by oral evidence; but if a statement is prepared, and myself and Mr. Watson and Mr. Perron consider we can dispense with any publicity at all, we will try and do so.

WITNESS.—In that case it is different.

Hon. Mr. CASSELS.—Do not misunderstand me, that the facts may not have to be elicited.

By Mr. Watson:

Q. You made a statement with regard to Mr. Bain, that his agreement to prepare this statement was not fair and honest: you mean not fair and honest on his part?—A. No, on the part of forcing us to produce such a statement.

Q. You do not make such a statement——?—A. I will withdraw that 'honest' part. I will leave that out: it is not fair.

By Hon. Mr. Cassels:

Q. You think it is unjust from a business standpoint?—A. I certainly do. I will give you absolute evidence now that these articles are cheaper than any articles in the world, decided last week in the United States in competition with the whole world.

Q. You see we imagine ourselves in every part of the world in about a minute and a half. However, we will have the statement in black and white, and that will be quite as reliable as can be obtained. From Mr. Bain's evidence the inference follows that the company has been progressive, almost aggressive, I think, in promoting its business through the officials of the Marine Department; is that not fair?—A. I do not think that is a fair inference at all.

Q. You do not think the evidence carries that far?—A. No, sir, it does not.

Q. At all events, there has been a system of prospecting and inquiry as to requirements of the department, and following upon that a system of soliciting the officials, or one or more officials of the department for orders; that is right, is it not?—A. Not so far as I am concerned.

Q. Mr. Bain has spoken of that. Have you not participated in that yourself?—A. Not recently.

Q. That was in old times?—A. I testified at first I did.

Q. And that started first with you and Mr. Fraser?—A. No, it never started with me and Mr. Fraser. I testified to you before——

Q. Did you not solicit Mr. Fraser or some official of the department?—A. I wrote to the deputy minister, and that was my only solicitation.

Q. Personal interviews with him?—A. Matters of record which this court has.

Q. Personal interviews also with the deputy minister?—A. Yes.

Q. Following upon or preceding letters to the department?—A. Certainly.

Q. Has there not been almost undue pressure upon the officials?—A. There was never any undue pressure upon the officials, for two reasons: first, I could not bring any pressure to bear, and secondly, I would not.

Q. That I suppose we must accept from you, and the next that you would not bring any pressure to bear?—A. Certainly.

Q. You mean any pressure at all to obtain orders?—A. Certainly I did not bring pressure. If you will explain what you mean by pressure I will answer you further.

Q. I thought you used the word?—A. In answer only to you.

Q. Then what do you mean by the use of the word 'pressure'; you said you could not and would not use pressure?—A. I referred to your previous question about suggestions that Colonel Anderson made that I brought pressure to bear; that is all I am referring to, that is in my mind yet.

Q. And by that he meant undue pressure?

Hon. Mr. CASSELS.—I did not understand he went that far, he was merely giving in evidence the impression of his own mind, his own idea and thought.

Mr. WATSON.—He went so far as to state his belief that Mr. Wilson exercised undue pressure upon Mr. Fraser, and that Mr. Fraser was overcome by the pressure.

Hon. Mr. CASSELS.—He seems to have had an opinion in his mind that Mr. Fraser was moved from his department and put into an independent and separate department at the instance of Mr. Willson.

Mr. WATSON.—Yes, that Willson controlled the mind and action of Fraser.

Q. I think you were asked at the former sittings, in view of the fact that the business has been a very large one by this company, and you personally, as its predecessor, amounting to \$731,000 and over in the three years, as to what benefits, if any, were extended or given in any form whatever to Mr. Fraser, the deputy minister, or any other official of the department?—A. I stated then that none had been extended, and I repeat the statement absolutely.

Q. You have the books; what books have you here?—A. Those are the books of the company.

Q. Where is this account of the Marine Department shown in the cash book?—

A. I will have to call the bookkeeper to show you. Mr. Scott will turn it up for me.

Mr. SCOTT.—I have not been keeping it for some time.

WITNESS.—You have a Marine Department account some place?

Mr. SCOTT.—Yes.

WITNESS.—Well, open it up, so that Mr. Watson can see it.

Mr. WATSON.—It commences November 6th, and up to the present time. I want the books containing the accounts from the time of the commencement, first under Mr. Wilson and then with this company, the Marine account. It should be the simplest thing in the world to get.

Mr. SCOTT.—Here it is. It commences at the very beginning.

Mr. WATSON.—This is the first ledger, 1904, page 79. (Exhibit 9.)

M. WATSON.—This goes how far?

Mr. SCOTT.—Page 94.

Mr. WATSON.—Then where is it continued?

Mr. SCOTT.—It is in the other book.

Mr. WATSON.—Nobody but an expert can tell anything about this leaf system.

WITNESS.—I cannot answer you that.

Q. Do you know anything about it?—A. I certainly do not.

Q. Will you get the other bookkeeper here?—A. Yes.

(Adjourned till 2.15 p.m.)

The Commission resumed at 2.15 p.m.

HENRI N. BOIRE, sworn.

By Mr. Watson:

Q. I understand you are the manager of the branch of the Hochelaga Bank at Quebec?—A. I am.

Q. Were you manager in May and June, 1905?—A. I was, sir.

Q. Have you brought anything with you to show whether or not Holliday Brothers or James Holliday had an account with your bank at that time?—A. I just brought a copy of the book, of our books, because I had nothing to show the months in which—we have two accounts, as you see.

Q. The first paper that you produce is from folio number one, Holliday Brothers general account, December 31st, 1904, showing a debit balance at that time of \$328.69; then on January 31st, you charge up some interest on that?—A. Yes, it was on this balance for 31 days.

Q. And on February 15th, you charge up some more interest?—A. Yes.

Q. Then on February 15th, a deposit of the amount of the indebtedness \$331.79?—A. Yes, and the account was closed.

Q. Then I find another entry after that—July 28th?—A. Yes, same year.

Q. \$146.75?

Hon. Mr. CASSELS.—1905?

Mr. WATSON.—Yes.

Q. Credit of \$146.75; that still stands to his credit?—A. No; you wanted to know only for May and June, so I did not go any further.

Q. You did not go after the 28th July?—A. No; there may have been some more entries after that date.

(Copy of account Exhibit 477.)

Q. Did you look at the book?—A. I did, yes.

Q. Is this a correct and full copy of all entries in that book between the dates mentioned?—A. It is a full and correct account.

Q. Of all entries in that book?—A. Yes.

Q. You also produce from folio number two of your bank Holliday Brothers steamer account; this starts same date, December 31st, credit balance of \$1,405.82. Then in January of 1905, there are eight debit entries and one credit entry, leaving a balance, that is not balanced there; then on January 3rd—A. On the 21st January there was a balance of two cents.

Q. On the 21st January there was a credit balance of two cents on that account?—A. Yes.

Hon. Mr. CASSELS.—Is that drawn out?

Mr. WATSON.—No.

Q. There is nothing then until August 3rd?—A. No, sir.

Q. On August 3rd there is a debit of \$1,313.91, and the same date there is a debit of \$243.82 and a debit of \$200, leaving the debit balance stand \$756.71?—A. On the 3rd of August.

Q. That is the way it stood?—A. Yes.

By Hon. Mr. Cassels:

Q. How was that debit made up? Were cheques given?—A. Yes.

Q. Is that a full and correct record and copy of the entries in the original book?—A. It is a correct copy of what we have got in our books.

Q. Then during May and June of 1905, apparently there is not any entry of the payment out of any one or more cheque or cheques for \$1,000?—A. None at all. Nothing at all.

Q. Have you any other books that contain any accounts or references?—A. No.

Q. To Mr. Holliday or Holliday Brothers?—A. No, that is all I know about it.

Q. Then that is all we want, sir.

(Account Exhibit 479.)

J. B. A. BOUDREAU sworn.

By Mr. Watson:

Q. We went through this—I am not sure that we carried it on as far as the 17th June—I see in looking at this record on the 17th of June—that was Saturday the 17th June. I do not find your name there on that date. Look and see. You were there on the 16th, not there on the 17th?—A. No. (Referring to attendance book, Exhibit 420.)

Q. Let us see what reference was made to you on that date?—A. Absent on leave. I used to go to Blue Sea Lake. I used to go there often Saturday and Sunday.

Q. I find on Monday morning, 19th June, there are six or seven on the list. Is that your writing?—A. Yes.

Q. You are marked there as in attendance at 9 o'clock on the morning of Monday, June 19?—A. Yes.

Q. Now, then, by reason of one or two statements and requisitions made to me, I want to ask you a further question, I think I asked it of you before, to make perfectly sure. On what date or dates did you sign your name in this book? Your name appears, for instance, written in the book apparently in your own writing on particular dates?—A. Well, I was there on those dates.

Q. Can you say whether or not in some cases you wrote it on days subsequent to the date at which it appears here?—A. I swear I never did.

Q. Or prior?—A. Or prior.

By Hon. Mr. Cassels:

Q. I would like to know one or two points about attendances. That is opened in the morning, so that the clerks can sign their names?—A. Yes.

Q. Is there anybody present there when the clerks sign their names?—A. The clerks come in and sign their names.

Q. Like an hotel register?—A. It is put on the table.

Q. It is put there to be signed?—A. Yes.

Q. And the clerk comes in and signs his name?—A. Yes.

Q. Is there anybody there present who sees him sign?—A. No. There may be somebody present.

Q. The book is there?—A. Yes.

Q. And you go in and sign your name?—A. Yes.

Q. Then at the end of the day the attendances are checked over?—A. They are checked in the morning.

Q. At what hour?—A. After half past nine.

Q. And then the attendances are marked, and if you are late, after the hour, it is marked down?—A. Yes.

Q. Then what becomes of that book after that? Is the book then left on the table, so as to be signed next morning?—A. I am not aware that it is left in the afternoon, to be signed next day.

Q. Is it not very easily possible, after the book is referred to in the morning, to sign for the following day?—A. I always understood that once the officer had signed that the book was taken in his office and kept there till next morning.

Q. Do you know that as a fact?—A. I do not know if it is a fact, or not, but I understood that.

Q. That is the practice as you understand it?—A. Yes.

Q. It is locked up by the deputy until it is opened up next morning?—A. Yes.

Q. By the deputy or clerk?—A. Yes.

Q. I see you were there as early as 8.30 in the morning?—A. Yes.

Q. The deputy would not be there at that time?—A. If you will follow the book, you will see I was there very early.

Q. I was wondering whether the deputy or officer was there to open the book for you?—A. I do not know if it was the officer or someone else.

ANGELA THOMAS, recalled.

By Mr. Watson:

Q. With regard to this attendance book, where is it placed in the morning, so that the officials may enter their names?—It is on a desk in the hall.

Q. Who put it there?—A. I could not say.

Q. On the desk in the hall. How long does it remain there?—A. It remains there—well, it was 9.45 at one time, now it is 9.30; it is brought in sharp at 9.30 to the deputy's office.

Q. What is done with it then?—A. Well, they check it.

Q. Who checks it?—A. Sometimes I do, and sometimes another lady does—another clerk in our office.

Q. A lady official, a clerk?—A. Yes.

Q. When you check it, what is done with it?—A. We bring it to the deputy minister to sign. Sometimes the deputy minister is not there, and we leave it in his room until he is there.

Q. What does he do with it after he signs it?—A. He hands it back to us and puts it in the hall, in the drawer, and I understand the messenger locks it in the drawer, as far as I know. I never asked him if he did, but I understand he locks it in the drawer in the hall, and then in the morning somebody comes and takes the book out. Of course I never attended to that part of it.

Q. In the morning, when you go over it, have there ever been, on any occasions, any blanks in the lines that have not been filled up?—A. Never, sir.

Q. Are you quite sure?—A. I am quite positive, never, when I closed the book.

Q. And on any occasion have there been signatures written for the day following the day that is of record?—A. Never, sir, never.

Q. Has it ever been signed in advance?—A. I have never known of it in the eleven years I have been there, never.

Q. Have you made sufficient observation of the book to be able to state, you say you have never known it?—A. I have never known it, that is all. I do not think there would be anybody so dishonourable as to do such a thing; of course I do not know.

By Hon. Mr. Cassels:

Q. The hour that the clerks have to be there is 9.30?—A. Yes.

Q. Formerly 9.45?—A. Yes. The moment the time expires at which they ought all to have signed, it is brought in. The messenger is standing there and at 9.30 the book is brought in.

Q. To the deputy?—A. Yes.

Q. Glancing through that part from memory, I see not merely the absence of a good many men accounted for, but I see that when they have been late that is put down. How do they sign when they are late?—A. They do not sign it, they are not allowed to sign the book once it comes in our office.

Q. Who puts it down?—A. They come and report to us, and we put it down.

Q. You simply put them among the absentees?—A. Yes.

Q. And explain what hours they came in, to show they were not absent all day?—A. Yes. If they fail to report to us sometimes there is a blank opposite, they fail to report, and we do not know the explanation, but of course the orders are they come into our office, and we jot down how late they are, two or five minutes. May I put these documents in?

By Mr. Watson:

Q. What is it?—A. It is the official file of the department, and I was just looking it up to show that Mr. Boudreau was attending to official business in the department on the 16th June.

Q. How do you find that?—A. Because his handwriting is on the file, and by that date, the 16th June.

By Hon. Mr. Cassels:

Q. You know the handwriting?—A. Yes, there is no doubt about it.

Mr. WATSON.—That is a memorandum of the 9th of June, 1905.

Hon. Mr. CASSELS.—It is a letter of the minister and initialed on the 16th June.

By Mr. Watson:

Q. Mr. Ritchie asks me to ask you whether you have traced up any original file, if you find any record, any signature of his on the 3rd of June?—A. I have a few. I have not been able to complete the search, but I will just look here.

Q. Again, we have some records in this file showing particular dates?—A. I have none for the third. I will look over the other dates.

Hon. Mr. CASSELS.—Mrs. Thomas, while you are looking up the other dates, would you look and see if there are any papers showing he was there the 30th May?—A. I think I have.

HENRY G. KETCHUM, sworn.

By Mr. Watson:

Q. Are you in business here?—A. Yes.

Q. In what line?—A. Sporting goods.

Q. Did you have a yacht or gasolene launch in 1905?—A. Yes, we had several of them.

Q. One particular one that was afterwards sold to the department, you recollect about it?—A. Yes.

Q. Where did you get that, from whom?—A. I think we sold more than one to the department.

Q. Where did you get the one particular one that you refer to?—A. I do not know what one you refer to.

Q. One that was afterwards sold to the department for \$750?—A. We had several launches that we sold to the department.

Hon. Mr. Cassels:

Q. You know perfectly well what Mr. Watson is asking you?—A. Is there any other identification for the boat?

Q. November, 1905; you have it in mind, have you not?—A. Scarcely.

Q. Is this the one here upon this file, this account?—A. Yes, that is the one. (Account Exhibit 479.)

Q. Where did you get that one?—A. That particular yacht, I think, we purchased from Mr. Cunningham.

Q. That was bought from Mr. Cunningham?—A. Yes, sir.

Q. When was it bought from him?—A. In the summer, July or August.

Q. In July or August; from what Mr. Cunningham?—A. Mr. Walter Cunningham.

Q. What business is he in?—A. Groceries and liquors.

Q. How much did you pay him for it?—A. We paid him \$400.

Q. Have you got your book here?—A. Yes, sir.

Q. Let us see it, please? Bring all your books up here? (Book produced.)

Q. Show the cash entry of the payments of the purchase money? I am informed that that was purchased in November?—A. What is the date, please?

Q. It was purchased from you the 15th November, but I want the date that you purchased and paid for it. Have you the cash book for 1905?—A. They are all here, sir. Here is the cash book, 1905, I think. Here is the entry.

Q. What is the date of the entry? Where is it?—A. Here is the paid out entry, 'launch, \$400.'

Q. What is the date of that? 4th November?—A. 4th November.

Q. You paid on the 4th November; you thought it was July or August?—A. That is when I bought the boat from Cunningham.

Q. The date of the payment is the 4th November; the entry is there, \$400; what is that written there?—A. Gasolene launch.

Q. Is that the same one?—A. That is the same one.

Q. 4th November?—A. The accounts are all divided up with the different departments.

Q. What is this on the opposite side—A. That is cash received, \$600.

Q. For what?—A. On account of that boat.

Q. That is the 4th November?—A. There is another \$21.85.

Q. That is the same date you have given, 4th November, Marine and Fisheries, \$600, and then underneath that 'Marine and Fisheries on lamp \$21.85;' is that right?—A. That is right.

Q. What does that lamp apply to?—A. That is a sundry account.

Q. Lamp \$21.85: where is the other \$150?—A. There is another payment subsequently.

Mr. WATSON.—Let me have the cheque for payment in November, 1905, cheque for payment to Mr. Ketchum for that launch?

WITNESS.—There is the balance November 24th.

Q. Marine and Fisheries, November 24th, \$150; so there were two payments: is that right?—A. Yes.

Q. How does it come they did not pay for it—it is not a very large sum—in one cheque?—A. I could not say.

Q. Could not explain that. What is this page 28 referred to there?—A. That is probably the journal account.

Q. Let us see the journal account? Have you got page 28, 1905?—A. I am not familiar with these books: that is July 20th to December 3rd, 1905; I do not know what the 28 is: that is the bookkeeper's.

Q. Look at November 4th?—A. Here it is, Marine and Fisheries, to one yacht, \$750.

Q. And that refers again to some page 28: what is that?—A. I guess that is the ledger.

By Mr. Belcourt:

Q. What date is that? Is that the 15th?—A. That is the 4th.

By Mr. Watson:

Q. Do you find it?—A. Here it is.

Q. Where does it appear there?—A. That is 1906: it refers to account number 28.

Q. Where is the payment for this here?—A. \$600 and \$150.

Q. November 4th you charge up \$750?—A. Yes.

Q. November 4th you credit \$600 and November 23rd \$150?—A. Yes.

Q. That is account number 28 in the ledger, 1905. Now, see here, Mr. Ketchum, where does that \$400 appear?—A. It is on the other side.

Q. Where is that cheque for \$400?—A. There was no cheque.

Q. No cheque?—A. How do you know there was not a cheque?—A. I remember the circumstances; I cashed the cheque. I got the \$600 in the Bank of Montreal.

Q. You cashed the cheque you got from the department?—A. Yes.

Q. And what?—A. And entered it up in the cash and paid Mr. Cunningham \$400 cash.

Q. Mr. Cunningham's name does not appear there?—A. No.

Q. No reference to Mr. Cunningham in this account?—A. Not at all.

Q. Then, launch, \$400; where did you cash the cheque?—A. Bank of Montreal, I think.

Q. Where did you see Mr. Cunningham to pay him the \$400?—A. At my office, place of business.

Q. When was it?—A. During the course of the day.

Q. How much did you pay him?—A. \$400.

Q. How do you know?—A. I entered it there.

Q. I see the entry there, but apart from the entry have you any recollection of the fact?—A. Yes: I remember distinctly of giving him the \$400.

Q. In bills?—A. Yes

Q What kind of bills?—A. Bank of Montreal ten dollar bills, I think they were all ten dollar bills, to the best of my recollection.

Q. You recollect that distinctly?—A. No, not distinctly.

Q. So that you are not sure about it?—A. No.

Q. You are not sure you paid him the money that day?—A. I am: I am almost positive.

Q. Eh?—A. Almost positive.

Q. But not quite; I understood it was a smaller amount you paid him. Will you undertake to say it was not a smaller amount than \$400?—A. I will.

Q. That in fact you actually paid him?—A. I will.

Q. That is, that the sum was \$400?—A. The sum was \$400.

Q. Why did you not pay him by cheque?—A. You usually make payment by cheque, do you not?—A. No, not always.

Q. Do you know Mr. Cunningham pretty well?—A. Oh, slightly, not very well.

Q. Slightly?—A. I know him fairly well.

Q. I thought you knew him quite intimately?—A. No, not quite intimately.

Q. Then in November—that is not much of a month for using the yacht, is it?—A. No.

Q. Not usually?—A. Not usually, no.

Q. How did you happen to buy the yacht in November?—A. I did not buy it in November.

Q. Did you ever have actual possession of it?—A. Yes.

Q. When?—A. From July until November: June or July, I am not quite sure: in the middle of the summer some time, say July.

Q. Why did you not pay for it?—A. Because that was not the arrangement made with him.

Q. The arrangement was that you were not to pay for it?—A. Until it was sold.

Q. That was part of the arrangement with Cunningham?—A. Yes.

Q. That you were not to pay for it until it was sold by you?—A. Yes.

Q. That is, it was to be paid for out of the proceeds, whatever they were?—A. That is right.

Q. And if the proceeds did not amount to as much as \$400, you would not have to make it up out of your own pocket?—A. Oh, there was no question about that.

Q. You were not to be out of pocket in the matter?—A. Well not generally, no.

Q. So that if you were able to sell it only for \$400, then you would give him the \$200?—A. No.

Q. Or \$250?—A. No, I had made a definite arrangement to pay him \$400.

Q. But what if you were out of pocket, say that you could not have paid him anything at all until it was sold?—A. Well, I would not have paid him anything at all until it was sold.

Q. So that you were practically then having the use of it and holding it for him: that is right, is it not?—A. No.

Q. You were not to pay him until you sold it, if you did not sell it for two years you would not pay for it?—A. No.

Q. If it had been lost or wrecked, or never sold, you would not have paid for it?—A. No.

Q. So that really it was his property in that way, so far as paying for it is concerned: that would be the legal effect?—A. I do not know what the legal effect would be.

Q. Where did Mr. Cunningham get it?—A. I could not tell you.

Q. You talked with him about it?—A. No.

Q. Who made the bargain with the department?—A. I did.

Q. With whom? Colonel Gourdeau?—A. No.

Q. With whom?—A. Mr. Fraser.

Q. Which Mr. Fraser? J. F. Fraser?—A. It was the Lights Department.

Q. Mr. J. F. Fraser: and how many times did you see Mr. Gourdeau about it?
—A. I do not recollect of ever seeing him.

Q. You are not quite sure then?—A. No, I would not say positively I did not see him, but I do not think I did.

Q. That being so, is it that you cannot recollect any conversation with him when you did see him?—A. No, I do not recollect; I do not recollect any conversation, certainly.

Q. You would not undertake to say you did not see him?—A. I think I would, yes, I think I would, to the best of my belief.

Q. Then how did you happen to get \$750 from the Department?—A. That was the price agreed upon.

Q. Who made the bargain?—A. Mr. Fraser.

Q. With you?—A. With me.

Q. With you?—A. Yes.

Q. What took place in bargaining for it; any correspondence?—A. No.

Q. What took place between you and Mr. Fraser?—A. Why, Mr. Fraser—

Q. In the first place, he understood the arrangement between you and Cunningham?—A. He did.

Q. Mr. Fraser?—A. No, sir.

Q. How do you know he did not?—A. I do not know he did not; he may have.

Q. Did you tell him?—A. I did not.

Q. What was the bargain made. What took place between you. Just give us the conversation?—A. They required a yacht for service on the Georgian Bay in the late fall before the ice would come, a hurry up call, to transport supplies to some of the lighthouses, before the ice would form, and I was telephoned for and asked to see about it, and if I had such a boat.

Q. You were telephoned to come and see. You do not deal in yachts?—A. Yes.

Q. I do not see that on your paper; well, you have just got sporting and athletic goods. Do you keep a stock of yachts on hand?—A. Yes.

Q. How many?—A. Sometimes more and sometimes less.

Q. How many at that time did you have on hand in November?—A. Well, I do not suppose we were ever without five or six at any season of the year; we were never without five or six.

Q. Winter and summer?—A. Yes, unfortunately.

Q. How did you arrive at a bargain for \$750?—A. As the fair valuation of the boat.

Q. What took place?—A. That was all.

Q. What was the conversation?—A. They wanted to know if I could furnish them with a boat suitable for their requirements.

Q. Who are they?—A. The department.

Q. That is the deputy and Mr. Fraser and the others?—A. I do not know, I only dealt with one man.

Q. Fraser?—A. Fraser.

Q. Why do you say 'they'?—A. Well, we generally speak of the department as they, or any department.

Q. I want to get down to conversation; what was the conversation with Mr. Fraser?—A. It is a long time ago, sir.

Q. As nearly as you can tell?—A. It is a long time ago.

Q. You have not forgotten it altogether?—A. Pretty nearly.

Q. What is your recollection?—A. I could not tell you.

Q. You can tell me something about it?—A. That they required a yacht for lake service, and they required it quickly, and wanted to know if I could furnish a boat. Had the boat they required, and sold it to them; that is all there is to it.

Q. Is that all?—A. That is practically all I know about it.

Q. I have not got anything about the price yet?—A. \$750.

Q. When was that first mentioned, or was it mentioned before you rendered your account?—A. Oh, sure, the price was fixed.

Q. What took place about the price?—A. That is all; the department had the boat examined.

Q. Who examined it?—A. Captain McIlhenny and Captain Adams.

Q. Go on?—A. That is as far as I know; they reported it satisfactory.

Q. I have not heard anything about the price yet?—A. \$750.

Q. What took place in conversation about the price?—A. That is about all I know.

Q. I have not heard a word yet; was there any conversation between you and Fraser about the price?—A. They certainly wanted to know how much the boat was worth, \$750.

Q. Who asked you that?—A. Mr. Fraser.

Q. What did you say?—A. I told him what the price of the boat was.

Q. You said \$750?—A. Yes.

Q. What did he say?—A. I suppose he said he would have the boat examined and see if it was satisfactory.

Q. That is what you suppose?—A. I expect that would be the natural result, I cannot remember just exactly what word for word conversation we had.

Q. You cannot recollect?—A. No.

Q. Did you hear that Mr. Cunningham bought the yacht from Colonel Gourdeau?—A. No, sir, I never heard that.

Q. Did Mr. Cunningham say anything about it?—A. Not to me.

Q. Did Fraser say anything about it?—A. Not to me.

Q. Or Colonel Gourdeau himself?—A. No, not to me.

Q. The information I have is that Cunningham bought it from Colonel Gourdeau, and that Colonel Gourdeau got it from Beauchemin, of Sorel?—A. That may be so, for all I know.

Q. Had it been at Sorel before?—A. I could not tell you.

Q. You do not know anything about it?—A. No.

Q. You were pretty friendly with Fraser?—A. I do not know.

Q. Did you have an account with him?—A. No, sir.

Q. Look at the book and see?—A. He may have had an account, and I would not know it.

Q. Did you yourself ever see this yacht?—A. Yes, sir. What is his name? J. B. Fraser?

Q. J. F. Fraser. Did you ever see this yacht?—A. Yes.

Q. Where?—A. At our boathouse on the river; we have a boathouse down on the river and a boat and yacht business. There does not seem to be any J. F. Fraser here.

Q. You have a boathouse there?—A. W. H. A. Fraser.

Mr. PERRON.—J. B. is another man.

WITNESS.—That is W. H. A. Fraser's brother.

By Mr. Watson:

Q. Were you ever in it?—A. Oh, yes.

Q. What did you do with the \$750? You entered it in the books, and how much more of that did Mr. Cunningham get?—A. That is all, sir, \$400. The other is all entered in the regular way.

Q. Was the bargain that you were to have the benefit of about half the profit?—A. No, sir.

Q. Well, if you were not to pay him, and he not to get any money until it was sold, I would have thought there would be a little bit more give and take, and that he would have a certain surplus in any event; nothing about that?—A. No, sir.

Q. Who else got a share in it over and above the \$400?—A. The firm of Ketchum & Company, the only ones.

Q. Anybody else?—A. No.

Q. Who compose your firm?—A. My brother and Mr. Esdale; it is a limited company.

Q. Incorporated company?—A. Yes.

Q. Did you hear anything from Mr. Beauchemin about it?—A. No.

Q. You have heard what I have referred to before to-day?—A. Only recently.

Q. Did you hear that from some one in the department—A. I could not say where I heard it, street rumour, or what it was.

Q. Did you hear that from Mr. Fraser?—A. No.

Q. Or Colonel Gourdeau?—A. No.

Q. Whom did you hear it from in the department?—A. I could not say that I heard it in the department; in fact, I am not sure just exactly when I heard it.

Q. I see you were selling goods to the department from time to time?—A. Yes, sir.

Q. Whom did you get orders from?—A. We got the orders from different sources, different branches of the department as they were required.

Q. Different branches as they were required, chiefly from Mr. Fraser?—A. No, sir. I should say our chief business was with the hydrographic survey, Mr. Stewart was in charge. The hydrographic survey was our chief—

Q. There is an account October 6th, 1906: 12-horse-power Leighton engine, \$1,200, duty \$307.65, and that is afterwards changed and made \$225?—A. That should be a 12-horse-power engine.

Q. So it is?—A. It should be a 25-horse-power; that is an error on the invoice only.

Q. You are quite familiar with the invoice?—A. The department records called our attention to the fact that our invoice had 12 instead of 25.

Q. The item was first 'duty \$307' and why was that struck out and \$225 substituted?—A. We billed them on duty on \$1,200; the original agreement was we would sell that engine \$1,200 f.o.b. Syracuse, and they asked us to bring it here, to pay the duty, and we charged profit on that, and the Auditor General raised an objection that we should only receive the duty we actually paid.

Q. Were you getting any profit on the duty?—A. Yes.

Q. How much profit on the duty?—A. Just the regular profit.

Q. What is the regular profit, 25 per cent apparently?—A. That is it.

Q. What then?—A. We refunded the money.

Q. Refunded how much?—A. \$75, I think it was; we only refunded \$60.

Q. One-fourth of that amount would be about \$75?—A. The duty on this was \$240.

Q. The duty on the \$960 was \$240?—A. Yes.

Q. You paid \$960 for it?—A. Yes.

Q. And sold it for \$1,200?—A. Yes.

Q. And you charged the department with the duty at 25 per cent on the duty?—A. Yes.

Q. So that you got your profit of \$240 on the \$960, and wanted a profit on the duty besides?—A. That is right.

Q. What about this deduction of \$150?—A. Allowance for the old engine that was in the boat before.

Q. You gave that allowance afterwards?—A. No, sir, before.

Q. At the time?—A. That was the arrangement.

Q. This account had been passed before that, had it not, by Mr. Noble and Mr. Boyle, W. H. Noble and A. Boyle?—A. I do not see that.

Q. They had passed it at the full amount, and the Auditor General—A. Owes us \$15.

Q. He got his finger into it apparently?—A. Yes.

Q. I see by the file that the original contract was for \$1,200 f.o.b. Syracuse?—
A. Yes, that is what I said.

Q. So that as a matter of fact, there is no question you were not entitled to any profit on the duty?—A. I think so.

Q. You were not?—A. I think we were.

Q. Here it is in the contract: 'The undersigned was taken up by the Ottawa representatives, and finds the best price obtainable at the present time is \$1,200 f.o.b. Syracuse' ?—A. Yes, but they were to pay their own duty.

Q. They did?—A. They asked us to pass it through the Customs and pay the duty. What difference did it make whether we paid it to the Customs House or the manufacturers? We get our profit on what we pay out; everybody does in business.

Q. That is an element, profit on the duty every time?—A. Surely.

Q. Other accounts you have here, I see. Did you have an account with Colonel Gourdeau in your book?—A. I do not think we had; I am not quite sure.

Q. Do you know whether you have or not?—A. We have this year, I know. Colonel Gourdeau bought a bicycle this year, I believe. I do not believe he ever did before. I am almost positive we never had an account with Colonel Gourdeau until this year.

Q. Almost sure?—A. I am satisfied.

Q. How does that account stand?—A. It is all right.

Q. Is it paid?—A. Not quite; it is almost paid; it is only a small amount.

Q. I see you have other transactions, one of June 30th, 1906, for a launch, 30 foot launch, \$1,300; do you remember that?—A. Yes, sir.

Q. Who put that through?—A. I think it was the same parties, Mr. Fraser, Captain McIlhenny and Captain Adams.

Q. And you have another account for \$652, to auto-marine engine. Who put that through? Mr. Fraser?—A. I fancy that was Mr. Stewart.

Q. What amount of money, if any, did you loan to any of these parties?—A. Nothing.

Q. What benefits did they get from you?—A. Nothing.

Q. At any time?—A. No.

Q. Claim anything or receive anything?—A. No, sir.

Q. Not at all?—A. No.

Hon. Mr. CASSELS.—Do you know when that launch was purchased from Mr. Beauchemin?

Mr. WATSON.—No, I have not got the date.

WITNESS.—With regard to that launch, might I make a statement?

Q. Certainly?—A. After buying this from Mr. Cunningham for \$400 we installed a new engine; the difference between \$400 and \$750 does not represent—

Hon. Mr. CASSELS.—How much did you put into it?—A. We put a new five horse-power engine and painted the boat, and the boat actually stood us about \$725, and then we had to load it.

Q. Let us see the entry in your book of any expenditure on that launch?—A. There is no entry.

Q. Can you trace any disbursement?—A. No.

Q. Cash book or ledger or any other book?—A. No, sir.

Q. Did you pay for it?—A. Yes.

Q. Where is the entry of the payment?—A. There it is.

Q. For what?—A. For \$400.

Q. But I want it beyond that \$400. Can you trace any entry beyond that of any improvements or anything done for that boat?—A. I could probably trace the invoice for the engine.

Q. Let us see it?—A. I have not the invoices here.

Q. Look up the books?—A. If you look up the Toronto Gas and Gasolene Company's account, you will find it.

Q. Let us see it?—A. There are records all through here.

Q. Have you any account for this launch?—A. No, sir, we do not keep accounts for special launches; there is no separate account for each separate launch or automobile.

Q. Where did you get it from?—A. Toronto Gas and Gasolene Company.

Q. We can get them here in the morning?—A. Yes.

Q. That is Mr. Laishley's company?—A. Yes.

By Hon. Mr. Cassels:

Q. Did you put that in before you made your sale to the department?—A. Yes.

Q. Before you made the bargain with the department?—A. Yes, between July and November.

Q. Was it arranged with Cunningham you were to put that in?—A. Yes, the engine in that boat was no good.

Q. Supposing you had not sold it to the Department, who would pay for the engine?—A. Anybody that bought the boat; there was no trouble in selling the boat.

By Mr. Watson:

Q. When did you pay that \$250 for the engine?—A. It was just a regular open account in the course of business.

Q. Let us see where you paid for it; let us see the account with the Gasolene company?—A. I do not see it in this book.

Q. Have they been paid?—A. Oh, surely.

By Hon. Mr. Cassels:

Q. Are you sure the Department did not pay them?—A. Oh, no, sir.

By Mr. Watson:

Q. I thought you made a profit on it of \$350?—A. We did not do anything of the kind, sir. We made probably a profit of twenty per cent on the engine, which is all the outlay we had.

Q. You will bring us right away the entry showing that payment to the Gas & Gasolene Company?—A. We will have to get the bookkeeper.

Q. Is he not here?—A. No.

Q. It takes him a long time to get a cup of coffee?—A. And he went on to business: I did not know how long we would be here, and we cannot afford to keep men away.

Q. Then get him, will you?—A. Yes.

Mr. BELCOURT.—Will I be permitted to ask a few questions of Mr. Ketchum on behalf of Colonel Gourdeau?

Hon. Mr. CASSELS.—Yes, but he is not through yet. You can cross-examine later.

WALTER CUNNINGHAM, SWORN.

By Mr. Watson:

Q. You are in business here as a grocer and liquor merchant?—A. Yes.

Q. When did you buy that yacht?—A. I bought that yacht the same year I sold to Ketchum.

Q. The same date?—A. The same year. I only had it a short time.

Q. Did you have it a day or two days?—A. A month perhaps.

Q. Let us see the record, the entry in your book showing the payment?—A. I have not any record; that does not come in my business. I did not have any record in my business of that at all.

Q. Why not?—A. I do not keep a record of that kind of thing.

Q. Do you keep a record of disbursements?—A. Nothing of that kind.

Q. But of disbursements: how much did you pay?—A. I paid—I made an exchange with Colonel Gourdeau.

Q. How much did you pay for it?—A. I exchanged a sleigh with him, and gave him \$240 in cash and a cutter sleigh.

Q. You gave him \$240 in cash and a cutter?—A. Yes.

Q. How much was the cutter worth?—A. I suppose if a man had to buy the cutter new—

Q. But take the cutter as it was?—A. He allowed me \$60 for the cutter.

Q. When did you get it from him?—A. I got it—let us see—some time about the middle of the summer.

Q. 1905?—A. 1905.

Q. Some time about the middle of the summer of 1905?—A. Yes.

Q. That is about October?—A. No, earlier than that.

Q. Are you sure?—A. I got it before I gave it to Ketchum, whatever time that was.

Q. Was it October?—A. No, earlier.

Q. September?—A. No, July, I think.

Q. Can you recollect at all?—A. No, sir.

Q. September?—A. No, July, I think.

Q. Can you recollect at all?—A. No, sir.

Q. How did you pay him the \$240?—A. In money.

Q. By cheque?—A. No, gave him cash for it.

Q. Have you an entry of the payment of the cash?—A. No, sir.

Q. How do you account for that?—A. I did not make an entry; it was not obtained in my business, and I often buy horses and things on the street and never make any entries.

Q. Let us see your books—A. I have not any books for that entry.

Q. Well, let us see your books?—A. All right.

Q. Where did you get the money to pay him? Out of the bank?—A. No, I generally carry enough money in my pocket for the like of that.

Q. You do not buy a yacht every day?—A. I buy something more expensive sometimes.

Q. You would get pretty well loaded up, I would think?—A. Sometimes.

Q. Look at the cash book on that date?—A. I have not got a cash book.

Q. The business, I mean; you have a cash book in the business?—A. No, sir, I do not keep a cash book.

Q. Not in the business?—A. No.

Q. What books do you keep in the business?—A. I have a ledger, but there is no account of that in it.

Q. You must have more than a ledger. Take the ledger over there; is that it?—A. Yes.

Q. Let us see where the entry for that is?—A. There is no entry for that in any of my books.

Q. Just let us see?—A. These are only accounts.

Q. Is there an index there?—A. Yes.

Q. Where is it?—A. It is not put in.

Q. Ask the book-keeper to get it?—A. The book-keeper is not here.

Q. Have you anybody to get it?—A. Not unless I telephone down to the shop. I have no account of that at all; it is a sort of side line, I never take any notice of. I buy horses and anything that comes my way and never mark it down.

Q. You buy anything?—A. Yes, if there is a dollar in it.

Q. Anything you see a dollar in?—A. If I see a profit in it.

Q. You have not the index here?—A. There is no account, I can assure you.

Q. This book shows entries taken from another book; what are these taken from?—A. We have a day book.

Q. What is that book from which these entries are made?—A. A book of this kind.

Q. Well let us see the book from which it is made?—A. Well, that is the book.

Q. You do not carry that in your pocket?—A. I brought this up with me; you wanted to see the papers.

Q. Let us see the book from which this is made? This is taken from certain pages, is it not?—A. No, I do not think so.

Q. What is this?—A. These are the accounts rendered.

Q. But you have to enter them in the books before you render them?—A. Yes, the man has them.

Q. Let us see them?—A. Here they are.

Q. When you pay an account, what record do you keep of the payment?—A. Any of these accounts we pay—

Q. Never mind these accounts, but let us see the entry?—A. I buy anything I come across, team of horses or anything, and pay for it out of my own pocket.

Q. Where is your bank book?—A. I have it down at the house.

Q. We want to see that, please?—A. Well, you can see it.

Q. You have no cash book at all?—A. No.

Q. Journal and day book?—A. The day book is here.

Q. This is the day book?—A. Yes.

Q. Look at the day book there for June, July, August and September, 1905?
A. I can assure you there is nothing there.

Q. Well, let us see it?—A. Here is the book for 1905.

Q. This is just a book—A. That is where the entries are.

Q. Wait, please. This is just a book showing goods sold?—A. We only use that book on these sheets—

Q. Where is the account with Colonel Gourdeau?—A. In this ledger.

Q. Let us see that, please?—A. Here it is, here; you only gave me notice yesterday afternoon of these things, and I did the best I could.

Q. This is only August 25th, 1908: where is the one before that?—A. It will be in the other ledger, I think.

Q. Where is the other ledger?—A. I will bring it up.

Q. We will have to have it right away.—A. That is the correct amount.

Q. But we want the ledger?—A. Wait till I see if it will be in this ledger; no, it is not.

Q. We will have to have the other books: there is a balance there of \$217?—A. No, \$27.84.

Q. It looks like \$217?—A. No, here it is, \$27.84 brought down. I thought it was \$217 at first.

Q. You got a cheque on account 15th December, \$50?—A. We generally got a cheque every month.

Q. You have had other transactions with Colonel Gourdeau?—A. I do not think so.

Q. Never any other transactions?—A. No, I do not think so.

Q. Outside of the shop?—A. I do not think so.

Q. Do you know whether you have or not?—A. I am pretty sure we have not: I do not remember of any.

Q. Is that what you say: you do not remember of any?—A. That is what I say.

Q. You do not remember of any transactions at all with him before that time?
—A. No.

Q. Just try and think?—A. I do not know of any, sir.

Q. Will you say that you did not have?—A. Not any more than what you see in the ledger here.

Q. That is an ordinary house account?—A. House account.

Q. And you never had any other account with him?—A. No.

Q. You state that positively?—A. Positively.

Q. Or other transactions with him?—A. Not that I know of.

Q. Who would if you did not?—A. I do not know of anybody here.

Q. Of course we will have to have the book with that account, and then the bank book at the same time: that is for 1905; you can get that, can you?—A. Yes.

Q. And your cheque-book, cheque stubs?—A. I never give any cheques for these things.

Q. What?—A. I never give any cheques for the like of that.

Q. Never issue cheques for the like of that?—A. That is right; outside of my business.

Q. You are in the habit of having transactions like this two or three hundred dollars, and you never keep any track of these, daily transactions amounting to two or three hundred dollars a day?—A. No, sir.

Q. They would amount to a good deal in a year—a great deal more than the business, I should think?—A. Oh, no, it would not.

Q. Not more than the business?—A. The business is considerable down there.

Q. I thought \$250 or \$300 would be a pretty good side issue?—A. We do not have that every day.

Q. I thought you said every day or so?—A. Every chance.

Q. You have not to look far for chances, I suppose; then, at all events, for all these matters you keep no record, good, bad or indifferent?—A. No.

Q. You have a system that you followed closely in regard to the business?—A. Of course, you know I am in business for myself and I have not got to account to anybody for anything I do.

Q. Where did Colonel Gourdeau get the yacht?—A. I do not know, sir.

Q. Did he tell you?—A. No, sir.

Q. Never told you?—A. No, sir.

Q. Where did it come from, coming here?—A. I do not know, sir.

Q. Do you know Mr. Beauchemin, have you seen him here?—A. No, sir, I did not know him here to-day.

Q. Did you not see him at the hotel before luncheon time?—A. No.

Q. Try and think?—A. Never seen him and never spoke to him in my life.

Q. Of Sorel?—A. I do not think I know a man in Sorel.

Q. Did you know that Colonel Gourdeau got the yacht from Beauchemin?—A.

No.

Q. How did you happen to make this bargain with him?—A. Well, I got it on speculation, and I thought I could run it for five dollars a day.

Q. Speculation?—A. I bought it on speculation and took a chance on it.

Q. Had he just got her?—A. No, I think he had it for some weeks or months; he had it for a while anyway and the Georgian Bay Canal wanted a yacht, and they would pay \$5 a day for a yacht, and I thought I would put it in there.

Q. Had you ever bought a yacht before?—A. No, sir, I do not think so.

Q. That is the first experience in yachts?—A. I rented a yacht to the Georgian Bay people while I had it, at \$5 a day.

Q. You are not going to cut out Ketchum?—A. And after they had it probably two weeks, they sent it back to me and said it was no good, the engine was no good, or something, and I went to Ketchum and he took it off my hands.

Q. What arrangements did you have with Ketchum?—A. I said to Ketchum, 'You take it to your place, and do what you like with it, and give me \$400.'

Q. What if he did not sell it for that?—A. I would take a chance on it, he was all right with it.

Q. If he did not sell it?—A. I would get it back.

Q. What if he sold it for \$200?—A. No danger of that, he was to pay me for the yacht.

Q. That is, if he sold it?—A. Well, it was a good yacht, all it wanted was a new engine.

Q. Who paid for the engine?—A. I do not know anything about the engine.

Q. Was there a new engine put in?—A. I understand so.

Q. Do you know anything about that?—A. No.

Q. You were not spoken to about that?—A. No.

Q. Here is a yacht you gave to him in that general way, that you would be paid for it if he sold it, and he went on and got the new engine without speaking to you about it at all?—A. I do not remember him speaking to me about it at all.

Q. What did you do with the \$400?—A. I guess I took it away.

Q. Let me see the entry of the receipt of it?—A. No entry.

Q. You have no entries of payments, but you must have entries of receipts of cash?—A. No, sir.

Q. What did you do with the money?—A. I guess I made pretty good use of it.

Q. Did you deposit it in the bank?—A. Well, perhaps I may have deposited some and may have spent some.

Q. But did you keep any record of it at all?—A. No, sir.

Q. Do you ever balance up?—A. No, sir.

Q. Never balance?—A. No, sir.

Mr. BELCOURT.—Colonel Gourdeau has asked me to advise him in this matter. It is a matter of very great importance to him, his whole official record and reputation and his honour, and perhaps, in a lesser degree, the matter of superannuation, are all at stake, and he has asked me to appear for him, and, with his lordship's permission, to cross-examine some witnesses, more particularly with reference to the Holliday matter. I have looked over the file here. I was not allowed to take it away, and I think, from beginning to end, the whole of Colonel Gourdeau's conduct—

Mr. WATSON.—You cannot make a statement.

Mr. BELCOURT.—I have examined the files, and I think it is possible to reconcile every statement of Colonel Gourdeau's—

Hon. Mr. CASSELS.—What do you want, Mr. Belcourt?

Mr. BELCOURT.—I want permission to recall Colonel Gourdeau. My learned friend promised to bring him up to-day. I have to leave on the train. I was asking my learned friend if he would not allow the matter to stand till to-morrow afternoon till I would come up here again and appear for my client. He cannot make that promise.

Hon. Mr. CASSELS.—Mr. Watson is conducting the case, and I have no doubt he will accomodate you as far as he can.

Mr. WATSON.—I promised you that I thought I would, but I cannot be sure.

Hon. Mr. CASSELS.—What time will you be back.

Mr. BELCOURT.—I will be here on the noon train, and will be here after the noon adjournment.

Hon. Mr. CASSELS.—You will have to leave it to Mr. Watson.

Mr. BELCOURT.—I will be here on the arrival of that train at twelve o'clock. It is a matter of the gravest importance to my client.

Hon. Mr. CASSELS.—We have to get through some time or other, and Colonel Gourdeau came here, and he has had no counsel up to the present time. At the same time he is entitled to every possible chance and opportunity. It is all a written record.

Mr. BELCOURT.—Of course a certain light has been put on it, and we can put a different light on it.

Hon. Mr. CASSELS.—Is that not a matter of argument?

Mr. BELCOURT.—But it is a statement of counsel who has looked into the record, and on his own professional honour and reputation says he can place a different construction on it.

Hon. Mr. CASSELS.—I am going to allow Colonel Gourdeau the fullest opportunity to explain matters. You can always recall him when you come back.

Mr. WATSON.—I am going to call him in the regular course after this witness. There were some witnesses this morning I was obliged to call. I told my learned

friend I had promised to give others the precedence, and I was therefore obliged to ask my learned friend to wait till they got through.

Hon. Mr. CASSELS.—What is calling you away ?

Mr. BELCOURT.—I have an important business engagement to meet some professional gentlemen at Montreal at the Windsor at seven o'clock to-night, and it cannot be put off.

Mr. WATSON.—I am going to call Colonel Gourdeau as to some other matters.

Hon. Mr. CASSELS.—What can you do, Mr. Watson ?

Mr. BELCOURT.—As to the other matters, my partner, Mr. Ritchie, will take notes for me. I will be here at twelve o'clock.

Mr. WATSON.—I think we will be through at twelve o'clock to-morrow.

Hon. Mr. CASSELS.—We must have regard to these professional engagements.

Examination of WALTER CUNNINGHAM continued.

By Mr. Watson :

Q. What date did you pay Colonel Gourdeau this money?—A. I paid him before I got the boat.

Q. Can you tell the month?—A. No, I do not think I can.

Q. You cannot tell the month?—A. No, I do not think I can. I got it about the middle of the summer.

Q. That is the way it stands?—A. Yes.

Q. Did you have a transaction with Colonel Gourdeau about some gin?—A. I guess perhaps I did.

Q. I thought you said you had no other transactions?—A. I think there was a transaction. I do not know if it was through him.

Q. You said you thought you had; when was that?—A. I do not remember now; it is a long time ago.

Q. When was that?—A. I do not remember exactly when it was; it is a good many years ago, I think.

Q. Was it three or four years ago?—A. I could not exactly say.

Q. Could not say whether it was three or four years ago?—A. No.

Q. Was he in partnership with you in that transaction?—A. No, I do not know as he was.

Q. You do not know as he was?—A. He was not in partnership in this way; it is a long time ago, and I cannot bring it to memory exactly. He got that gin from some man in his department, and he wanted to fix something up, and he asked me if I would take it, and I took it. I told him I could not take it—

Q. Did you take it and sell it, and give him a portion of the profits?—A. No, sir. I did not; I have not sold it yet.

Q. How much of it have you sold?—A. I do not know; I cannot sell it, because it is not—

Q. How much, if anything, did you pay for it. Did you pay anything?—A. I did; I paid—it is a long time ago.

Q. Let us see the entries in your book about it?—A. I have no entries for it.

Q. For the gin?—A. No.

Q. That is a business transaction?—A. Yes.

Q. It went into the stock?—A. I put it in my warehouse.

Q. It would be in the books?—A. I can assure you I made no entry of it.

Q. You made no entry of it at all?—A. No.

Q. What was the price it was to be sold for?—A. The value was what I could get for it.

Q. You have not paid anything?—A. I have made a payment on it.

Q. How much money have you paid on it?—A. I have to bring that to memory. I think the price of the gin was \$125.

- Q. What price?—A. The price of the gin was to be.
 Q. The price that you were to pay?—A. Yes.
 Q. Now, are you sure about that?—A. That is the best of my recollections.
 Q. You were to pay him \$125?—A. Yes.
 Q. How much have you paid, if anything?—A. I paid him half when I got it.
 Q. Did you give a cheque for it?—A. No, I gave him the money for it.
 Q. You paid him half of that when you got it?—A. Yes.
 Q. What about the balance?—A. I was to pay him the balance when I disposed of it.
 Q. Have you disposed of it?—A. No, sir, I have not.
 Q. Not disposed of it?—A. No.
 Q. Have you disposed of any of it?—A. Maybe some of it.
 Q. What is the matter with the gin?—A. It is not right; something wrong with it; it is off colour.
 Q. It is not off flavour?—A. I do not know anything about the flavour, I do not drink gin myself.
 Q. The gin is off colour?—A. Yes.
 Q. What colour, anyway, is the gin?—A. Gin should be white; I suppose you know that.
 Q. I mean the colour now of the gin; is it red?—A. No, it is a kind of yellow.

By Mr. Godfrey:

- Q. Like Chartreuse—A. Yes.

By Mr. Watson:

- Q. You paid half for it—A. Yes.
 Q. What year was that? 1904?—A. I cannot tell you, I cannot remember it; it is very long ago; I forget about it.
 Q. Can you remember as far back as 1905?—A. I could not tell you, really; I do not remember.
 Q. It may have been 1906?—A. I could not say; it was before that, I think.
 Q. Where was the gin before you got it into your storehouse?—A. It was sent to me; I do not know where it was.
 Q. It was sent to you—A. Yes.
 Q. Any idea who sent it to you?—A. I suppose Colonel Gourdeau sent it.
 Q. I want to know if you know?—A. It was he I arranged with; he must have sent it to me.
 Q. Where did you make the arrangement with him?—A. He arranged to send it to me; it is a long time ago.
 Q. It may have been 1906?—A. I think it is a little more than that; this is 1908; I think it is more than two years.
 Q. So you mean to say you cannot remember things three years ago?—A. Yes I can remember them, but not the date I got them.
 Q. I do not want the particular date, but where did you see him about it?—A. I do not know; I think he came down to see me.
 Q. What took place?—A. Well, I do not know what took place in a way. I think he was trying to do something for some friend of his, and he asked me to take this and do something.
 Q. What?—A. He was trying to do something for a friend, and he asked me to take this; it is a long time ago, and I forget exactly; I am telling you the best I know of it.
 Q. That is not anything so far, at all; we cannot make anything out of it. Just tell what the transaction was, please?—A. Well, that is the transaction.
 Q. Tell it again, as a business transaction; it was a business transaction, was it?—A. I suppose you would call it a business transaction; he came down about it and I advanced him half the money.

Q. What took place about the gin; what did he say about the gin?—A. I disremember; it is a good while now.

Q. Give me something about it?—A. I will give you anything I know, but that is the best I remember.

Q. You have been thinking about it lately?—A. No, I never thought of it since.

Q. Since the day you made the bargain?—A. No.

Q. You have never thought of the gin since then?—A. I have thought of it because I saw it lying there, but I never took any—I never thought much about it.

Q. Who owns the gin now?—A. I suppose I own it; it is in my possession when I paid half on it.

Q. Is there anything else you can tell about it?—A. I do not think so, not off hand.

Q. Well, in hand?—A. I do not know.

Q. What else is there you can tell about it?—A. Not much.

By Mr. Cassels:

Q. Will you let Mr. Watson sample it, if he goes down?—A. Yes, he can have a case of it.

Mr. WATSON—I am afraid I would be off colour after that.

Q. Just come along to it and let us know about it?—A. Now, Mr. Watson, I did the best I could; I do not remember very much about that; if I knew anything more about it I would tell you.

Q. You must have a better memory about other business transactions?—A. I do a lot of business from memory.

Q. That is the reason your memory should be good; you would have something to rely on. You are in the habit of relying on your memory, evidently, if you are doing business from memory?—A. I suppose I—

Q. Tell us what you know about this?—A. I have told you all I know about it.

Q. I have not got anything yet, at all, Mr. Cunningham?—A. Have you any questions to ask me?

Q. How did you happen to get the gin?—A. Colonel Gourdeau came down and asked me to take it.

Q. Where was it then?—A. I do not know: it was sent to me: I do not know where it was.

Q. How much was there of it at that time?—A. I do not know.

Q. Did you know at that time how much there was?—A. I must have seen it coming in, I guess.

Q. But at the time you made the bargain, did you have any idea how much there was?—A. No, I did not.

Q. No idea how much there was. What was said about the price?—A. He said he had to make up the \$125, or something like that: he wanted to get \$125 for it, or something like that: some friend of his had it, I do not remember exactly how it was now.

Q. And what?—A. That is all I know.

Q. Did he ever say how much there was?—A. No, I do not think so.

Q. Did he say it had been bought for the Department?—A. No, he did not tell me.

Q. For the Marine and Fisheries Department, for use of any of the ships?—A. No, sir, he never told me that.

Q. Did you have any idea whether he got it for himself or anyone else?—A. No, I do not know at all off hand.

Q. Do you know the quantity?—A. Well, I do not know just now the quantity.

Q. Have you any idea of the quantity?—A. I guess the most of it is there now, or nearly all.

Q. How many barrels?—A. Two small barrels and some cases: the barrels are still there.

Q. How much were you paying for it by the gallon?—A. I could not say that: I never thought.

Q. Did you fix any price on it per gallon?—A. No.

Q. Or per barrel or case?—A. No.

Q. Just a lump sum of \$125 if you sold it?—A. Yes: I took that, and I did not see it till it got there, and when it got there I could not do anything with it.

Q. It was a matter of favour?—A. Yes.

Q. Have you got an account of the sales? You have got that now: you did not trust to memory about that?—A. No, I have not.

Q. You sold that to customers?—A. I do not think I sold very much of it, or any of it, perhaps: you could not sell it.

Q. I thought you had sold about half of it?—A. I do not know what I have sold: I do not know what is there.

Q. Do you know whether you have sold any of it?—A. I guess perhaps there was some of it sold.

Q. That is wonderfully indefinite?—A. I would like to give you a straight answer if I knew it and give you any information about it.

Q. You have not any idea whether you ever sold a gallon of it?—A. I do not think I have sold any draught; that is what you say by the gallon.

Q. Have you sold as much as a gallon of the whole of it?—A. I could not say that. I think if some of it went out they would not have any more.

Q. Let us have the account in the books?—A. I did not take any account of it.

Q. No record in the books at all?—A. None whatever.

Q. When did you pay? The day it came down?—A. Yes, I think it was that day, about that time anyway, either that day or the day before.

Q. Before you got it?—A. I am not positive whether it was before I got it, or about that time: about that time, anyway.

Q. We do not get a single fact?—A. I am telling you what I think is right.

Q. You are not telling anything at all?—A. I paid about the time I got the gin. I may have paid him the same day he spoke to me.

Q. How much did you pay him?—A. I paid him half the money.

Q. How much was that?—A. \$62.50.

Q. You counted it out pretty straight?—A. I may have given him \$63.

Q. What if you sold it for \$300?—A. We never had any understanding about that.

Q. I thought you said he had some interest with you?—A. No, none whatever. I took a chance on helping him out of it.

Q. What if you sold it for \$300?—A. I suppose I would be ahead that much.

Q. How much?—A. The difference of whatever I paid for it.

Q. You do not know how much that was?—A. No.

Q. You do not know how much you were to pay for it?—A. I thought \$125 to the best of my knowledge.

Q. You are not sure?—A. I am pretty sure that is it.

Q. You are not quite sure?—A. I am pretty sure.

Q. And that is all you can say, is it?—A. That is all, Mr. Watson.

Q. I do not wonder you smile?—A. Well, I am giving you the best answers I know how. I would not want to give a false answer if I could help it.

By Hon. Mr. Cassels:

Q. It is easy for you to find out how much there is, by going into the store?—

A. Yes, and I will send Mr. Watson a case, if he gives me his address.

Mr. WATSON.—No, thank you.

Q. What other transactions have you had?—A. With whom.

Q. With Colonel Gourdeau?—A. I do not remember. I do not think I have had any more. I did not remember about that one at first, you know.

Q. You have had several transactions?—A. Outside of his grocery bill, I never have any transactions with him at all.

Q. The reason I inquire about that gin is that I understand that was got—I have been told that was got by him from some ship in connection with the Marine Department?—A. You had better ask him about that.

Q. Have you any knowledge about that?—A. No, sir, I do not remember; it was sent to me anyway. That is all I know about it.

Q. Get that book up here with the account of Colonel Gourdeau before 1908?—A. All right.

HENRY G. KETCHUM, recalled.

By Mr. Watson:

Q. Have you the book there, Mr. Ketchum?—A. Yes, sir, this is it.

Q. October 19th?—A. Bank of Ottawa, branch.

Q. You have entered here, at account number 4, October 19th, 1905, to Bank of Ottawa, B. of O. J.; that is Bank of Ottawa?—A. Yes.

Q. \$203.30?—A. Yes, that is the ledger.

Q. Where is the entry, journal 55? Let us see where that is? Have you it there? Well, never mind, we will take it up again.

COLONEL GOURDEAU, recalled.

By Mr. Watson:

Q. I do not understand that you wish any adjournment over to-day in regard to any questions that may be asked you except in regard to that Holliday matter?—A. Exactly.

Q. That is right, is it?—A. Yes.

Q. With regard to that, you want to recall yourself, so to speak; you want to go in again with regard to that?—A. Just one point, I want to establish—

Q. Never mind, you want to recall yourself about that?—A. Yes.

By Hon. Mr. Cassels:

Q. You want Mr. Belcourt to be here?—A. Yes, my lord.

By Mr. Watson:

Q. Where did you get the yacht that you sold to Mr. Cunningham?—A. I bought it from Mr. Beauchemin, Sorel.

Q. When did you buy it from him?—A. I think it was in the summer of 1904.

Q. Or 1905?—A. Yes, I think it was 1905.

Q. How much did you pay for that, if anything?—A. He originally asked me \$400 and I gave him \$300.

Q. You gave him \$300?—A. Yes.

Q. Have you an entry of the payment?—A. Oh, no, I do not keep any books. I have not an entry. I have my letters.

Q. Let me see them?—A. These are all the letters. I had some cheques. I explained the matter to the minister, who was satisfied.

Q. I do not see any letter here stating any purchase price?—A. No, but these different letters make up the \$300. There was no letter or anything about it. I was telling him I would like very much to have a yacht; there were lots of them at Sorel, and this yacht—I did not know it belonged to him. I asked him if he could give me a yacht for two or three hundred dollars, that I would like to buy one if it was reasonable, and he told me I could have that yacht, which was worth about \$400, and had not enough speed or strength, and it was no use to him, and I purchased it from him for \$300, which I paid him.

Q. And do these letters show the payment of the \$300?—A. Yes.

Q. Have you any other record or evidence of payment, any other written evidence of payment?—A. There are some cheques, but I do not know what has become of them. They were all in the same envelope and Mrs. Thomas saw them—

Q. You had it a few weeks ago?—A. I was stopped two or three times in the river with the yacht, she had a beautiful hull, and she was alongside the wharf where I kept her four or five days, and in conversation Cunningham asked me what I was doing with my yacht, and I says: 'Won't you make a trade'? And he had a very nice sleigh I liked a good deal, and I told him if he would give me so much and the sleigh—I did not want to be out too much—I was at expense repairing the engine, and I am not sure exactly what he gave me, but he gave me the sleigh and \$240 or \$250, but the amount was to be \$300.

Q. How did that yacht happen to be purchased afterwards by the department over which you had control?—A. I knew nothing about it until six months afterwards.

Q. When?—A. After I had sold the yacht.

Q. You knew nothing about it?—A. Nothing at all, and I never knew how long it was rented to the Public Works Department; I never took any interest in the yacht, good, bad or indifferent, after that.

Q. It was bought in November, 1905?—A. Yes.

Q. You never heard anything about it till the season of 1906?—A. Exactly, when it was up in those waters.

Q. That is right?—A. Yes.

Q. You recollect that distinctly?—A. Yes.

Q. That would be some time in the summer of 1906?—A. Yes.

Q. That was the first you knew that it had been purchased, or that it was to be purchased?—A. Yes.

Q. You did not know until then that the department had bought the yacht from Ketchum?—A. I might have known there was a yacht purchased, but it never came to my mind at all it was the yacht I sold to Cunningham, because we bought several yachts from the departments, the different branches.

Q. \$750; is this your memorandum, 10th October, 1905. Are these your initials?—A. Those are my initials.

Q. Those are your initials on the memorandum, 10th October, 1905?—A. Yes.

Q. At the present moment the department has no means at its disposal at Parry Sound for reaching the harbour and lights, &c. 'In this connection, Ketchum & Company, Ottawa, offer the department a 28-foot gasolene launch, six feet beam, with canopy top, new six horse-power engine, f.o.b. cars, Ottawa.' That corresponds with yours?—A. Yes, it turned out to be; I did not know at the time it was.

Q. 10th October, 1905; for the sum of \$725. How does it come \$750 was afterwards paid?—A. I do not know.

Q. 'This is a reasonable price,' you have initialed that. 'And the undersigned could recommend that it be accepted. Respectfully yours.' Signed, J. F. Fraser, and then you have signed it, 'For minister's approval'?—A. Yes.

Q. You have put that on at the same time?—A. Yes.

Q. And the minister has marked on here, 'Wait for purchase till you examine one offered by Langlois.'—I think that is it?—A. Yes.

Q. That is R. P.?—A. Yes.

Q. So that conditionally that way he approved of it?—A. Yes.

Q. I see you knew about it on the 10th October, 1905; that is before the purchase was made, because the purchase was not made till 4th November?—A. I did not know it was the one I had sold to Cunningham.

Q. A man knows his own yacht pretty well; you had the dimensions of it here pretty well. \$725; how does it come it got in afterwards at \$750?—A. I could not explain.

Q. I see that is dated 10th October, and then on the 16th October, there is a letter from Ketchum & Company to Mr. Fraser, referring to the same yacht and saying, 'For the sum of \$750,' but meantime you and Mr. Fraser had stated that it could be bought for \$735?—A. I cannot explain that.

Q. Mr. Fraser knew you had a yacht?—A. I do not believe it.

Q. It was not kept secret was it?—A. Oh, a short time. I did not intend keeping it, on account of the unsatisfactory state of the boiler, but Mr. Fraser did not know anything about it at all.

Q. But at the time you bought it—which was a few weeks before, apparently, was it not?—A. Yes.

Q. There was a demand for a yacht at Parry Sound?—A. Oh, I do not know how that is.

Q. At all events, that yacht got into the department service?—A. Yes.

Q. At the price of \$750?—A. Yes; it was examined by our nautical adviser, and also by Mr. Adams, on account of the boiler being a new one.

Q. And he is an official in your department?—A. Yes.

Q. All the officials are more or less subject to your direction?—A. I never knew when it was examined, or that it was examined until the whole thing was over.

Q. That is all there is about that?—A. That is all there is about it.

Q. What about this gin matter?—A. Well, I can explain that in a very few words.

Q. Well, let me say a few words: The reason I am asking about this is, not in regard to a personal matter of an official, but because the instructions or information I have is that that is connected with the departmental affairs, that is the basis of the questions?—A. That is perfectly right.

Q. I am not inquiring into your household personal matters?—A. Mr. Strubby, who had sold the department some cement and things, which was afterwards brought before the Public Accounts for excessive prices, and the manner in which they were bought first bought and then resold for Strubby, was criticised before the Public Accounts.

Q. Strubby bought some gin?—A. No, his accounts had been criticised.

Q. Who is he?—A. A merchant of Montreal, a friend of mine; he came to my office, and asked me if I would purchase a lot of canned goods and stuff for the department, and I told him we did not want any, and I think he added at the time that he had some gin, something was the matter with it, but it might pass off, and that we might put it on board the steamers, or something, and I says 'I cannot do it,' and he says, 'I will take it anyway.'

Q. He asked you to purchase some gin to take on board the steamers?—A. Yes, and canned goods; they would come in handy for them; but we do not buy liquor for the steamers, never did, and I told him we could not do it, and would not do it, and he said he would get it taken anyhow; and later on I heard he had permission from the minister to sell the gin.

Q. You heard from whom?—A. From himself. He said, 'You would not buy it, but I have got it taken anyway, and it is down at your agency at Montreal.'

Q. Your agency?—A. The agency of the department in the Bulyea block.

Q. Did you have an official record of the transaction?—A. No, I did not hear of it; I did not know of it; he told me that had been done.

Q. He told you he had got permission to deliver it to the department?—A. Yes.

Q. Did you have an official note or record of that? From the minister or anybody?—A. No, not at all; it was just his own say.

Q. Did you accept his?—A. Not at all, but I could not prevent him sending the stuff down to the room there.

Q. Where?—A. Right off the landing.

Q. He sent this gin to the office?—A. No, I do not think so; I do not know where that was.

Q. He sent the canned goods there?—A. Yes. Some time afterwards some of the officers there complained, or told me there was a case there, and that it had been opened, and some cans or things extracted from it; so that was the first intimation—

Q. Who was the official who told you that?—A. I do not know; it might have been Labelle, or the messenger, or Mr. Laurie; some messenger, I have no recollection.

Q. What date was it?—A. I could not say, except that it happened in that year.

Q. 1906?—A. No, it was the year before Mr. Prefontaine died; in fact, that was the reason of the settlement which I will explain later; but when once he had deposited it there, he came up to Ottawa, and left his account with Mr. Clemow.

Q. Let us see the accounts?—A. Oh, I do not know where they are.

Q. Was there an account left for the gin?—A. No—I think so, yes.

Q. Was that entered?—A. I do not know anything about it, except I am telling you it was left with Clemow. Clemow came into my office, and asked me if I would approve of these articles being bought; I told Clemow I would do nothing of the kind, because I had not seen the minister about it, and the minister had sent no word about it; so then later on he came to my office.

Q. Who?—A. Strubby, and asked me if I would purchase those goods.

Q. If you would?—A. Yes, for the department, and I said I would not do it. Well, later on he told me that the minister wanted these things bought.

Q. He told you?—A. Yes, and he kind of left them about the office. I think they must have been entered in the office about that time.

Q. I would like to see them?—A. Wait till I go on. I think I complained, I could not recollect exactly what took place between the minister and myself, whether I spoke about gin or not, but, to avoid the things being pilfered, or taken out of the box—sometimes that room was open—

Q. What room?—A. Where the canned goods were.

Q. At Montreal?—A. Yes; it was suggested they should be sent over to the *Lady Grey*; it was the goods purchased for the steamer, and the minister ordered these things should be put on the *Lady Grey*.

Q. Let us see the official record?—A. I do not know if there is a record of it.

Q. Let us see the official record of it.—A. There must be the minister's initial to that.

Q. Let us see that?—A. I do not know where it is.

Q. Get your officials to find it?—A. Perhaps we might get that now. Then about the gin—

Q. Wait a minute?—A. Leave the other aside till we get through the gin.

Q. Let us keep to the record. What is the last statement you made? Mr. Strubby said the minister had wanted it bought.—A. Yes.

Q. What took place after he said that?—A. I always refused to certify the accounts, and one day he came into my room—

Q. Strubby?—A. Yes, with an account for the gin; that was the one I remember perfectly, and on that was 'Paid,' and initialed by the minister.

Q. Let us see it?—A. I do not know what has become of the voucher, but that can be substantiated by the officer himself—

Q. Let us see the account?—A. The account may be lost or away, or amongst my correspondence that is now in the keeping of the commission.

Q. You think it is there.—A. I think it is there. Well, after the thing was paid on the minister's order, without the slightest direction—

Q. When did the minister give the order? Is that in writing?—A. He put it in pencil, right in the corridor, as he was coming through the corridor; and Strubby came in to show me he had it passed, and went up and got his money.

Q. Where?—A. From the accountant.

Q. Let us see the cheque paying for it?—A. That can be got, I think.

Q. He got his cheque.—A. Yes.

Q. Was it signed by the accountant?—A. Yes, or somebody.

Q. Cheque for how much?—A. I do not know how much it was.

Q. You do not know how much?—A. I cannot tell until we would find that document.

Q. What next?—A. The matter was closed and ended so far as we were concerned about the gin. A year afterwards one of the accountants, I really forget who

it was, came to me one day and told me, 'Here is an account there for some gin that was authorized by the minister last year and paid, and as they had been kicking up such a row about Strubby's accounts before the Public Accounts, that it will be too bad if the matter comes up again,' and said 'rather than let that matter come up, out of respect and consideration for the minister, I will get the money and pay that back, and I am not going to allow it to go before the Public Accounts,' and perhaps he would have a better recollection than me about it. I found out through one of the accountants where the stuff was, and I went to Cunningham and I said to him, 'Now, you have had some patronage here from the minister, and he was very good to you, will you do me a favour'.

Q. Cunningham had had some patronage?—A. Yes.

Q. What do you mean by patronage from the minister?—A. The patronage is only granted by the minister.

Q. You mean he had been selling goods to the department?—A. Yes.

Q. The minister had not ordered the goods?—A. Which goods.

Q. The goods which had been ordered from time to time from Cunningham?—

A. The first order for the *Neptune* was.

Q. The first order is on the patronage list?—A. Yes, and he said, 'Where does the gin come from.' I said, 'Will you give me half that amount, and if you get the balance, give it to me, and if not, give me back the balance'? And I have never had one single cent except half of that of an advance from Cunningham, which was added to my own money, and I made a deposit to the credit of the Receiver General, and gave it to the clerk, to wipe out the thing, and I gave it out of consideration and feeling towards my minister who is dead.

Q. And out of that you got Cunningham to advance half the amount?—A. Perhaps I did; that is some time ago, perhaps I did not.

Q. Is it the fact that you told the whole matter to Cunningham?—A. No, I would not have told the whole matter to him. I would have told it in a way he would not know how it was. I might not. I would not like to swear to it.

Q. At all events, you got Cunningham to give you half the amount?—A. Yes, to help me to make up the amount to make a deposit next day and get rid of it.

Q. Cunningham was to advance half the amount to let the minister out?—A. If he had not done it, I would have done it myself.

Q. You would have gone to somebody else to advance \$60 to let the minister out?—A. Yes.

Q. That is the proposition?—A. Absolutely.

Q. Did you tell the minister you were doing this for him, to let him out?—A. The minister was dead; otherwise he would have looked after his own affairs. These things were all coming up after his death.

Q. You did that in order to be enabled to change the files?—A. Not the files; to have it expunged—

Q. To have an account off the files that was there in the regular way before that time; is that a fact?—A. There is no doubt about it, it had that effect.

Q. The account and files were there in a regular form and condition before that?—A. Let me tell you, let me explain. I say a payment can be made, and it can have gone through the head office, and if we find the payment is not correct, it is perfectly right to go and give the money back, make a deposit to the credit of the Receiver General and take out that voucher; there is nothing irregular about that, and that is what it was done for.

Q. According to your statement, the goods had been purchased under the direction of the minister; that is right?—A. No, I do not tell you it is right; I may tell you I do not know if it is on the regular records of the department.

Q. You said the minister signed a memorandum to purchase and pay for the goods?—A. Supposing the minister has a memorandum—

Q. Leave out the supposition?—A. I have to make an anonymous case—

Q. Let us deal with the present case: the minister gave a written direction for the purchase and payment?—A. He just said 'pay.'

Q. And it was paid and entered through the books as paid?—A. Yes.

Q. In the regular way, with your knowledge as deputy minister?—A. Yes.

Q. Then subsequent to that time you changed the records and wiped out that altogether?—A. I did not think of the records at all.

Q. Is that not a fact?—A. I suppose it is.

Hon. Mr. CASSELS.—The purchase was questioned and brought up, and there was a lot of talk about it, and to save any further haggling over the minister's conduct in this particular matter, he went and paid it.

WITNESS.—That is exactly it, absolutely.

By Mr. Watson:

Q. Then the transaction was wiped out of the books?—A. Yes, but it is evidently coming up now.

Q. And what I cannot understand is, under those conditions, how you could possibly go to Mr. Cunningham, or any outside party, and get him to advance half the amount for a particular purpose?—A. He was a good man to dispose of it. I did not want to loose it; and he could have sold it anywhere he liked. Provided I was reimbursed the money I was satisfied to let the matter go.

Q. That is what you say about that?—A. Yes.

Q. Is that your signature, 5th June, 1905?—A. Yes.

Q. Are the statements in that document correct?—A. I do not remember: I could not tell you if that is correct.

Q. You could not?—A. No.

Q. This says 'I certify that the goods imported into the port of Montreal in packages marked or addressed as follows:—(Giving the address) containing electro plate silverware for Dominion steamers, valued at \$79.98, described in an invoice of Messrs. John Round & Son, Sheffield, etc, have been imported by and for the use of the Dominion Government or a department thereof.' The information I have is that those goods were not for the Dominion Government or a department of the Dominion Government, but for yourself?—A. No, I do not believe it.

Q. What is the fact?—A. I do not know how it is. It must have been given to me to sign by a clerk of the department: I do not know.

Q. Did these goods not go to your own house?—A. I do not believe it, no.

Q. Look and see; here is the invoice?—A. That is prepared by an officer of the department from some place; he would have asked me to sign that, and I would sign it.

Q. Have you looked at the invoice?—A. I do not recognize that as anything I bought from them.

Q. Did these goods go to your house?—A. No, I never bought goods to that amount.

Q. Were they presented to you?—A. No.

Q. Or at your house?—A. No.

Q. Were they admitted duty free?—A. That I cannot tell you: I have purchased, and I get the account for the goods from Mr. Coghlen, and I paid for them.

By Hon. Mr. Cassels:

Q. Whose house did these goods go to?—A. I do not know, my lord.

By Mr. Watson:

Q. You do not want us to call anybody else to prove it?—A. No.

Q. I am informed these went to your own house?—A. No, sir. At one time there was a box came to my house intended for the Minister, and it was opened out in the department—I think it came to the department, rather, and it was opened out in the department, and the things taken out there and brought up to Prefontaine's house.

Q. That is the Cogan goods?—A. Yes.

Q. That is a different transaction from this?—A. I do not think so.

Q. Those goods that you speak of afterwards also went to your house, the goods that were bought for the steamship *Artic*?—A. I never got goods to the amount of \$16,000 in my life.

Q. The amount here is \$70?—A. I never got goods to that amount.

Q. \$79.80?—A. If that has gone in as an official record, it must be for—

Q. Let us see any payment by the department of this amount. I am informed there never was any such payment by the department for any goods for any such amount?—A. I cannot explain any more than that.

Q. Where is the account?—A. It will be there somewhere.

Q. Did you get any money from Mr. Davey, of the firm of Davey & Son?—A. No.

Q. In regard to the steamer *Stanley* and the account for that steamer?—A. Never.

Q. Or from anyone representing the firm?—A. No.

Q. What was the date of that steamer *Stanley* transaction, about what date?—A. I could not remember, sir.

Q. About what year?—A. I could not even tell you that.

Q. Could not tell?—A. No.

Q. Was it two years ago or three years ago, or four years ago?—A. I really could not remember.

Q. You really could not remember?—A. I could not remember.

Q. Or five years ago?—A. I could not remember.

Q. You cannot remember between one and five years ago?—A. I could not say, precisely the same.

Q. It was a pretty large transaction. The reason I ask you is based upon information; now what, if anything, was paid to Davey & Son in respect of that, outside of the ordinary charges?—A. I know of nothing.

Q. You do not know of anything?—A. No.

Q. Was there anything paid to or received by you directly or indirectly?—A. No, nothing.

Q. From Davey & Son or any member of the firm?—A. From nobody.

Q. Evidence was given in Halifax in regard to matters of expenditure in the furnishing of the ships, and Mr. Parsons and Mr. Tremain stated that in a discussion with you about the expenditure for provisions for the ships they made complaints, and that, amongst other things, you said they should not be subject of complaint, and that you used the expression 'Leave it open, let her rip'?

Hon. Mr. CASSELS.—That was stated by Parsons, but not by Tremain.—A. No, I do not think so, sir.

Mr. WATSON.—To the same effect.

Hon. Mr. CASSELS.—The statement was to the same effect.—A. I do not think they have any reason to say such a thing.

By Mr. Watson :

Q. Did you use these words?—A. Never.

Q. What words did you use?—A. I do not know what time he alludes to. I would not have talked in that way to Parsons.

Q. What words did you use about that?—A. I did not use any words at all.

Q. What was the conversation?—A. I only was in that agency but a couple of times when I was accompanying the ministers, and to show—

Q. Never mind?—A. I wish to give it.

Q. Do you recollect any conversation with Mr. Parsons when Mr. Tremain was present and when Mr. Spain was present at Halifax?—A. No, I would not discuss before Mr. Spain any official matters with an agent, if I had anything to say.

Q. Why would you not discuss it before him?—A. Because I would not go into any matters pertaining to the department, I would not start speaking in that way before an agent.

Q. I thought you said Mr. Spain?—A. I said I would not have anything of that nature in presence of Mr. Spain. If I had anything to say to the agent I would tell him in his office.

Q. It was in his office?—A. Mr. Spain would not be with me, neither Mr. Tremaine.

Q. What was the conversation; what took place?—A. I do not know what he alludes to.

Q. He alludes to the charges, the furnishing of the ships, that they were very extravagant, and ordering expensive and unnecessary goods, luxuries, and that sort of thing, in the ship, that the expense was broadening; they say you said it was not the occasion of cutting down, it ought to be opened wider instead of criticising and cutting down, and in connection with that you said, as Parsons says, 'let her rip;' and that you said that unless that was done members would be appealed to and you would have trouble, and finally it would be put through?—A. As I only had a couple of interviews with the agent, I remember what was said.

Q. Was there any conversation about that subject?—A. Yes.

Q. What was the conversation?—A. The first conversation I had about this was with Mr. Tremaine. I asked him how were things going on—yes, I remember now how it started. I had been on the steamer, and I found some stuff put on the table was very poor, among others, the butter, bad quality, and I said to Tremaine, 'How is it you cannot exact good butter?'—Well, he said, 'We are forced to take what is given us,' and I said, 'At the prices they wish?' I said, 'We call for tenders, and we send you a list of the tenders you must accept,' well, he said, 'We try to do that, but Parsons is afraid of his life of members, and we have a good deal of trouble in that way.' So I saw Mr. Parsons and told him the minister was very anxious he should secure the lowest prices of these that were on the patronage list—

Q. Confine it to these matters?—A. I am telling you what conversation took place.

Q. Well, what was it about these luxuries and the excessive prices?—A. They were not allowed to have any luxuries on the table at all when we can cut them off.

Q. You say directly opposite of Parsons?—A. Yes, and I can prove it.

Q. By whom?—A. The minister.

Q. But the minister was not present on the occasion they speak of?—A. No, but he came down shortly after with me, and there, in the same office with Parsons, I said to the minister, I would like to say something to Mr. Parsons, to repeat what I told him on the former visit here.'

Q. When was that?—A. I could not tell you.

Q. What year?—A. When I was down there.

Q. What year?—A. I could not tell you.

Q. Could you not form any idea?—A. No.

Q. What minister was it?—A. Mr. Brodeur.

Q. What year?—A. The very first year he came in.

Q. Have you any idea what year that was?—A. 1896, the summer or fall.

Q. There was nothing said about any interview when the minister was present?—A. I suppose not, because they would not say anything, because the minister was there to ratify what I said.

Q. They said the conversation took place in presence of yourself and Mr. Spain, and that was at Mr. Parson's office?—A. No, I do not remember anything about that.

By Hon. Mr. Cassels:

Q. Was the date 1906?—A. Yes.

Q. I think the conversation Tremain and Parsons referred to was in 1896, and if I recollect aright what they said was that if they had not got instructions, to let it go in the same way?—A. That was under Sir Louis Davies

By Mr. Watson:

Q. What about that conversation?—A. Under Sir Louis?

Q. Never mind Sir Louis?—A. I never held such a conversation with Parsons.

Q. Between you and these officials?—A. I always warned them that the minister would hold them responsible if they did not keep down the expense and see they were getting things at a fair market price and of good market quality. I never said anything else to any agents

Q. Have you any recollection of any such conversation as they have spoken of?—A. Not the slightest.

Q. That is the most you can say, that you have no recollection of the conversation?—A. No, and I told——

Q. I am asking you about 1896?—A. No

Q. Can you recollect anything that you said then?—A. No, I cannot.

Mr. RITCHIE.—If I may address your lordship without my gown, is this not beyond the point the enquiry is entitled to be made?

Hon. Mr. CASSELS.—It is referring to the present expense during the last four years, and the explanation given in Halifax was accounting for the expenditures in the last four years, but this conversation was the basis of it.

Mr. WATSON.—Continued right along; this was his authority for it.

Q. That is all you can say, that you do not recollect any such conversation?—A. No, but in justice to myself, I want to say that even last year the prices were given, say for chains in Halifax, by a firm called Robertson, I thought the price was high, and I called for tenders in Yarmouth, and the difference on that transaction alone was over \$600.

Q. They do not eat chains on ships. We are talking about provisions for the ships?—A. I was always just as particular about them as anything else in the way of expenditure.

Q. You recollect the silverware that was got was purchased from Coghlan's?—A. Yes.

Q. For the steamer *Montcalm*?—A. Yes.

Q. And for any other steamer?—A. I do not remember; I do not think so.

Q. I am informed that a portion of that silverware went to your house?—A. Never, sir.

Q. That is what you say, is it?—A. Yes, that is what I say.

Q. How does it come that you have allowed Mr. Spain's travelling expenses to be open, the same way in 1908 that they were in 1905, after the investigation and refund?—A. I did not allow it, never did.

Q. Well, the condition of affairs, as desposed to by the Auditor General is that matters were in the same condition practically during 1907 and part of 1908 while you were there, as they were previously?—A. But I am not responsible for the travelling expenses of the officials.

Q. But it is for the system?—A. The system is as strict in our department as any other department. If a man wishes to act wrongly he can do so, but that is detected later on, and I never allowed a man to take any advantage in his expenses for over expenditure in our department, and whenever it was brought to my notice I took action. There is not an officer in the accountant branch but will support me in that, and I was so particular about it that I told the accountant, 'You will never pay an account, and especially connected with Captain Spain, without sending his account down to me, so that I can initial it'; and the reason was I was sure then when I initialed it I saw the name of the accountant in the Audit branch, who had strict instructions from me to make strict inquiry whether the dates agreed with his absences from the office——

Q. How do you account for this record from the Auditor General's office?—A. I cannot account for it.

Q. Who were the officials or the representatives of Falconer & Company that were present in the department during May, June and July of 1908?—A. I could not tell you that off hand.

Q. Was Mr. Pare there?—A. Yes, I think he was employed in the department.

Q. Was he there in May and June, 1908?—A. I do not know that. We would know that by the attendance book, or if he was allowed to be absent—

Q. Was he an official of the department?—A. I could not tell you now.

Q. I thought he was one of the Falconer men?—A. I really do not know; it could be easily found out in the department.

Q. Was Mr. Dow there?—A. I forget that.

Q. In June and July?—A. I would not remember that.

Q. You would not recollect that?—A. No.

Q. We will find out from one or two others, and we will have to speak about it again, perhaps.

Q. How does it come 28 gas buoys were sent down to Halifax and allowed to remain there, sent there without any orders and against their protest at Halifax?—A. Well, if I am—

Q. Have you any knowledge of that?—A. Yes, I have, because I inquired about it.

Q. Did you ratify it and approve of that?—A. I explained at the time.

Q. Did you ratify and approve?—A. After the explanation was given to me.

Q. By whom?—A. By Mr. Fraser, who was in charge.

Q. Parsons says they were not required; the correspondence shows he advised you, as deputy, that they were not required, but protested against a branch being charged for these goods, that they had been lying there idle ever since that time. How can you, as deputy, account for that?—A. Because I consider the experience of Mr. Fraser was far better than the experience of Parsons.

Q. But they were not required and never been used?—A. But they were sent down there to replace what were dead buoys; they were not the Willson buoys.

Q. Some of them were?—A. No, sir.

Q. Fifteen were Willson buoys and thirteen were not?—A. I say a large number were buoys that were of no use here and could be used as a dead buoy without being loaded, as they were dangerous, and it was this kind of buoys that had caused the explosion, and had been given over to us from the department—

Q. Old buoys?—A. Yes.

Q. How much would they be worth?—A. I do not know.

Q. A trifle?—A. I do not know the size of them.

Q. Do you say now these buoys were old buoys?—A. That is what I was informed.

Q. By whom?—A. Mr. Fraser.

Q. Do you know how much that branch was charged for the fifteen gas buoys?—A. No, that is a matter of account.

Q. That branch was charged for these fifteen buoys \$45,000; that branch had no use for them, has never used them, and they have been lying there ever since, and were deteriorating, and we were told that these were Willson gas buoys, \$3,000 each. How can you account for that?—A. That is in a branch that was managed by Mr. Fraser, and he gave his reasons.

Q. But this correspondence was with you?—A. Yes.

Q. Between the agent's office and the department here, was with you?—A. Any correspondence of the kind has to be submitted to the officer who has charge of that branch. In a technical matter of that kind, I would have to go by the officer who is in charge of that branch. I would not undertake to say that man was wrong if he made a report.

Q. But you have to investigate these matters and report to the Minister, do you not; action is never taken, as I understand it, upon the report of a sub-official—of an official?—A. No, that is right.

Q. They make their recommendations to you?—A. Yes.

Q. You have to take the responsibility of accepting or rejecting?—A. Yes.

Q. Then pass that on to the Minister, accepted or rejected?—A. Yes.

Q. This was accepted?—A. I do not remember of the correspondence.

Q. The correspondence shows it with you?—A. It is about seven or eight months or a year ago, and I am not in touch.

Q. This is a matter you cannot explain at the present time?—A. No.

Q. Upon its face it is very extraordinary?—A. Yes, that is so, that all these buoys are Willson buoys; but all the same, we have to have spare buoys with the Willson buoys.

Q. But you would not have a quantity on hand for a couple of years?—A. But you have to have a number of spare buoys in case of the loss of a buoy, to send them out, and what I was assured was that the number of buoys was not excessive.

Q. Have you got it in the file?—A. It must be in the file and reported upon.

Q. Have you it?—A. No, I have been on leave for the last eight or nine months.

Q. Do you recollect that instructions were given by the Minister to Mr. J. F. Fraser that no further purchases were to be made from Merwin & Company and F. L. Brooks & Company?—A. Yes, I think I remember that order.

Q. You remember that?—A. Yes.

Q. And were those instructions communicated to Mr. Fraser?—A. They were given in my presence.

Q. Were these instructions observed or not?—A. Well, it turned out they were not observed.

Q. Were purchases made after that time by Mr. Fraser from Mr. Merwin and Brooks & Company, contrary to the directions given by the Minister in your presence?—A. Yes. That is what the Minister tells me—

Q. That was the order of the Minister and that order was disobeyed?—A. Yes, it was.

Q. By Mr. Fraser?—A. Yes.

By Hon. Mr. Cassels:

Q. It was about the time of the investigation before the Public Accounts, the first investigation?—A. Yes.

By Mr. Watson:

Q. That was the winter of 1905 and 1906?—A. Yes.

Q. And was any explanation ever made afterwards by Mr. Fraser, do you know?—A. Yes, I believe there is an explanation on file.

Q. Where is it, because I cannot find it?—A. I do not know where it is. He was instructed to make a reply, or explain why this was not carried out.

Q. Did he ever make any such explanation to your knowledge?—A. I saw him working at it himself.

Q. Is there any explanation on file to-day?—A. I left the department while he was at it.

Q. That was given in 1906, and according to my instructions, after that time purchases were made from Mr. Morwin amounting to about \$50,000 in 1906, and in 1907 amounting to over \$12,000 after that time?—A. Yes, that is the fact.

Q. And from your books very large sums as well?—A. Yes.

Q. How can you account—can you, as deputy, account for any such condition of affairs?—A. I do not know what excuse Mr. Fraser gave.

Q. Do you know of any excuse at all for such a procedure, such a course being taken?—A. I thought it rested—the execution of that order rested also with another officer in the department, who generally—

Q. Who was the other officer?—A. Mr. Stumbles.

Q. You do not want to put it on Stumbles?—A. I am just telling you the facts of the case, and for some reason or other means were not taken which Mr. Fraser thought had been taken.

Q. What is that?—A. Fraser thought, I believe, at first that measures had been taken to write to the firm direct, so that we would only have dealings—

Q. You do not know that?—A. No.

Q. Have you not said that that was indefensible conduct on the part of Mr. Fraser, so far as you know?—A. Eh?

Q. Oh, come?—A. I am asking you to repeat.

Q. Have you not said that that was indefensible on the part of Mr. Fraser?—A. Yes, if it could not be explained.

Q. And that you did not know of any explanation: have you not stated that?

—A. No, I never stated there was no explanation.

Q. That you did not know of any?—A. That I did not know of any.

MR. WATSON.—These two styles showing the purchases from Marwin and Brooks will be filed. (Exhibit 482.) I put in another memorandum as to orders by the Minister forbidding purchases and payments. (Exhibits 483.) They were referred to on a former occasion.

MR. GODFREY.—Was Fraser examined on that?

Hon. MR. CASSELS.—I am inclined to think not. I think they were produced and referred to on Moarns' examination.

MR. GODFREY.—I wonder whether Fraser has been examined on them.

MR. PERRON.—Oh, yes. He knew all about them.

MR. GODFREY.—I think not.

By Mr. Watson:

Q. Mr. Trembalay says that Mr. Boucher said he paid to you \$100 in 1905 or 1906?—A. Yes. Well, Mr. Boucher is a blackguard to have said anything of the kind. If he said it he is a blackguard. I never had any dealings with Boucher in my life.

Q. Did you ever receive any money?—A. Not a five cent piece.

Q. Having regard to that observation—I do not say to you that Boucher said it: I said Trembalay had stated that Boucher told him he had paid you \$190?—A. It is an absolute lie.

Q. I did not say Boucher had made the statement: I said Tremblay said Mr. Boucher made it. Did you ever receive any money from Mr. Boucher?—A. Never, not a five cent piece: I never had any dealings with him good, bad or indifferent.

Q. Do you recollect the employment of Mr. Schmidt?—A. Yes.

Q. I think you had to do with his engagement, according to his evidence: he was engaged at \$1,500 a year: do you recollect that?—A. On my direct recommendation.

Q. Well, after considerable conversation with you?—A. Not at all.

Q. And he said he was promised his remuneration or salary would be increased to \$2,000 a year?—A. There was never any such promise given him.

Q. He says that at the time that he was engaged at \$1,500 a year, and with a promise he would be increased to \$2,000. The increase was not made; he was, therefore, obliged to make up the best way he could, or to that effect, the difference between what his salary should have been and what it actually was; therefore, the system was pursued or allowed?—A. Allowed.

Q. Yes, of taking gratuities?—A. The department was entirely ignorant of that; it is not likely we would allow an employee—

Q. Here was a system being pursued, according to his statement, of officials in his line and capacity receiving gratuities; had you no knowledge of that?—A. Not the slightest in the world.

Q. Why would you not have, being at the head of the department?—A. It is not likely they would let people know; we had no means of knowing.

Q. But the point is that the people who were paying these gratuities, or whatever it may be called, were dealing with the department and admittedly receiving excessive prices from the department for goods sold?—A. Certainly, but the fault was on the side of the man who was selling; every man who was selling goods and on the patronage list was just as independent of the agent and other officers as he was of the messenger. All he had to do was to report to me or to the minister and that man would have been suspended at a moment's notice.

Q. It was the fault of the customer?—A. Yes.

Q. But he was not complaining; he was getting excessive prices and large profits?—A. Well, he was the man to blame; how could we know about it?

Q. How about the deputy minister and the department not being aware excessive prices were being paid?—A. We were continually challenging the accounts and doing the best we could.

Q. Witness after witness say no challenge of accounts?—A. There are thousands of accounts challenged in the department.

Q. Why were excessive prices paid?—A. That was unknown to the department. In every case where we thought an excessive amount was charged, that account was challenged, and we refused to pay it; there are some accounts in abeyance for six months.

Q. I just want to call your attention to the fact that at the different places where sittings have been held there has been a good deal of evidence that excessive prices were paid by the department for goods. Now, I want to ask you how it comes and how it is possible that that condition of affairs could exist?—A. Well, it has been going on until the thing was discovered by this commission.

Q. What were you and the other officials?—A. Excuse me a moment; the other officials that sat in the department, if they had gone down to Quebec, they could have discovered those things, but we could not have.

Q. Why could you not have discovered them? You had the accounts before you?—A. We could not go into a man's office and examine books.

Q. Did you ever compare prices?—A. Certainly we did. That was the duty of the office, to compare prices at different places, and I got several items changed and made a difference alone last year in one month of \$1,500.

Q. It has been going on ever since you were deputy minister?—A. It has been going on ever since the department was in existence, evidently.

By Hon. Mr. Cassels:

Q. How could that happen if there were inspectors?—A. Well the inspectors did not do their duty. We had inspectors who would go round to the different places. The Auditor General's Department did everything they could, themselves. The auditor sent some of their own officials to our agency in Quebec. It was just as unknown to him as it was to myself. I often had spoken to the Auditor about it, and he did everything he could; if he had found it, it would have been reported.

Q. You were asking the Auditor to take your place and in that respect?—A. No, certainly not, but the Auditor has often reason to consult with the deputies of other departments.

Q. All I wanted to know was why it was you, as deputy minister, did not become aware of the condition of affairs referred to?—A. As to that, I can assure this Commission that, had I known of anything of the kind, I would have been the first to put a stop to it and bring it to the attention of the minister.

By Hon. Mr. Cassels:

Q. Did you know that Gregory was carrying on what he pretends to be a banking business?—A. No.

Q. Never heard of that?—A. No. Let me say this, in connection with the question you are asking, that when this inquiry was going on in Quebec, and I heard what he stated, I rang up Mayhew over the phone, and I said, 'Mayhew, if I had sent you an order to have certain things done, and you required money, what would you have done?' And he said, 'I would have gone to the bank and got all the money I wanted.' Gregory was to my mind comfortable off; if he could settle anything I thought he would do it out of pure good nature. I did not think there was anything charged.

Q. Mr. Gregory complains in his evidence that he was obliged to do the financing of the Department of Marine and Fisheries at Quebec?—A. I do not know what he means by that. There was no necessity for financing, because he could have everything he wanted at the Bank of Montreal.

Q. On his own name?—A. No, on any letter shown from the department that such and such was due. The Bank of Montreal would let him cheque on it.

Q. Do you mean they would give the advances?—A. Not the advances, but simply for the circulation of their cheques they would pay a few accounts, provided they would get the—

Q. Does the department not provide agents with sufficient funds for current expenses of the agency?—A. They do, but sometimes the funds are short and we cannot do it.

Q. What is to be done under those circumstances?—A. To cut off the work.

Q. To stop all business?—A. Yes.

Q. Or else let the agent do it out of his own pocket?—A. No, reduce the work.

Q. You have never done that?—A. No. I cut 30 or 40 men off and the agent got them reinstated again.

Q. When was that?—A. Two years ago.

Q. I am speaking of the general system that prevailed during the last 25 or 30 years?—A. Well, I think Gregory did what he could to tide over matters. I do not think he had any reason to say it was known in Ottawa he was financing to meet the obligations of the department.

By Hon. Mr. Cassels:

Q. There are certain occasions where merchandise accounts have to be paid, and there has been no vote, then upon a letter from the department the bank will advance the money?—A. Yes. I wrote the same letter to Mr. Desbarats, at Montreal, and they wanted to charge him interest, but they gave up the idea.

Q. Gregory made the statement that the department were treating him badly, and he had to get even through the purchaser?—A. That who treated him badly?

Q. The government, that the government did not pay the interest on advances?—A. Yes.

By Mr. Watson:

Q. Do you recollect that directions were given that orders for carbide should be advertised for and tenders should be asked for it, that is in 1907?—A. Yes, I remember it.

Q. That no carbide should be purchased without tenders being asked for, public tenders?—A. Yes.

Q. You recollect that?—A. Yes.

Q. Do you recollect as a fact that afterwards that order or direction of the minister was departed from, because the tenders as asked for, and specified, were limited to ingot carbide?—A. Yes.

Q. And it was known no company could furnish the ingot carbide except the Willson company; you recollect that?—A. Yes.

Q. So that in that way there was a direct departure from the instructions of the minister?—A. In preparing the calling for tenders.

Q. And that would destroy, of course, the tender system, is that not so?—A. When those tenders were asked for, the offers were put away in the vault, and nothing was done until the minister met the interested parties, and then regular tenders were called. The reason Fraser gave was that they were making experiments between the two carbides——

Q. Do not depart from the promises?—A. I want the thing fully explained.

Q. In the first place, no purchases to be made without tender for carbide?—A.

Yes.

Q. There are many classes of carbide?—A. Two classes.

Q. What are they?—A. The ingot and the free.

Q. When tenders were asked for afterwards, they were limited to the ingot, and that prevented competition; is that not so?—A. Well, those that were——

Q. Is that not so?—A. It is not quite right in this way; that as soon as this was understood, the parties interested protested against it.

Q. Have you gone over the file?—A. Well, it is a considerable while ago, but I remember the minister discussed that matter when I was with him——

Q. Now, then, you say you have no responsibility about it, is that the position you are in?—A. I did not say Fraser had no responsibility, it was in his branch.

Q. Was it a disobedience of instructions?—A. Yes, the word 'ingot' should not have been used.

Q. He was guilty of that disobedience?—A. That was prepared in Mr. Fraser's office.

Q. And did Mr. Fraser prepare it?—A. I could not tell you who prepared it.

Q. Did you afterwards ratify it?—A. Ratify what? For the ingot?

Q. Yes?—A. Certainly, what came to me I had to ratify.

Q. And then, with your knowledge, a course was pursued which was directly opposite to that directed by the minister?—A. I did not think it was at the time.

Q. The file shows it, does it not?—A. Well, it may, but at the time I did not think that word, not being a technical person, I did not think that word——

Q. Do you mean to say that you did not have any knowledge of the differences?—A. Well, to a certain extent, but not enough to take an absolute——

Q. Why would ingot be introduced if it was just carbide?—A. That is just exactly what puzzled me and what puzzled the minister when he first saw it afterwards.

Q. Notwithstanding this file?—A. I have not seen the file, but that is my recollection.

Q. I think your recollection is very inaccurate?—A. I think the minister was annoyed because instructions were not carried out in a sense, but still I think——

Q. I see on the 15th November, 1907, over your signature this statement, 'In connection with the tenders for carbide,' you underlined 'carbide,' 'the minister wishes to have the reason which caused a change in the specifications calling for tenders. The minister noticed that for the first time the word 'ingot' was introduced, which practically left only one firm available to tender, and he would like to have reasons in full for making the change.' You said the minister did not understand it, and your own records show he did understand it, and called for an explanation?—A. Yes, he called for an explanation, after discussing the matter with me.

Q. Do you mean to say when the minister gave you these directions he did not know whether there was any particular significance in the word ingot?—A. Only after he got the explanation, like myself.

Q. This is a peculiar statement, because you say the minister noticed that for the first time the word 'ingot' was introduced?—A. Yes.

Q. Which practically left only one firm available to tender?—A. Yes, he noticed it at the time, and he was annoyed at it, because he thought it was not a general tender.

Q. Anybody would know that?—A. No. When it was first introduced I did not think it would have materially interfered with people tendering. I tell you candidly and truly I thought that was the case, and then we got the thing tested.

Q. How is this, Colonel Gourdeau? On the 20th November, 1907, a direction is given by the minister saying—this is to you—‘Get officers to procure in the factories of the two companies tendering samples of carbide that will be tried later on this fall on our large buoys’: you recollect that?—A. What date was that?

Q. 20th November, 1907. I see further on the 30th March, 1908, a further memorandum for the Deputy Minister saying, ‘I have just read that file,’ giving the number of the file, ‘and I see that the instructions which I have in my own handwriting on the 20th November, 1907, to the effect that the officers should procure in the factories of the two companies tendering samples of carbide, and that the samples should be tried later on this fall in our gas buoys, have not been carried out. How is it?’ Now, there has been no explanation or answer to that?

Mr. GODFREY.—There was an explanation.

By Mr. Watson:

Q. No answer?—A. I think there was.

Q. Have you anything on file?

Mr. GODFREY.—I have seen it myself.

A. I could not say that there is or is not.

By Mr. Watson:

Q. All that, of course, meant the patronage going exclusively to the Willson Company, and that was to your knowledge, was it not?—A. I know that the representatives of the carbide manufactured at Three Rivers came to see me at the department, and I gave them every possible information.

Q. Do you not recognize that this course of proceeding, departing from the instructions of the minister, had the effect of preventing competition and giving the Willson Company a monopoly in the orders; is that not the effect?—A. Yes; within a very short time that was rectified.

(Exhibit 484).

Q. You wish to make some statements about the other matter, but not till tomorrow morning?—A. No.

Q. Now, then, the complaint was made from Quebec that the prices being paid were excessive, and in consequence of that you sent a letter to Mr. Gregory, calling him down, to put it shortly, in matters of prices?—A. Yes.

Q. Pretty sharp call, it was?—A. Yes, because I had to go down to Quebec on purpose.

Q. Now, then another letter was produced, written by you the same day, or the next day, to Mr. Gregory, in which you told him in effect that that was a matter of form, that he need not pay any attention to it. How do you explain that?—A. Was it exactly in those words?

Q. Yes, in effect? How can you account for that?—A. In connection with the very severe letter, I was in Quebec, to meet the parties: I saw Sampson Filion, whose accounts we had refused to pay for months.

Q. Don't get off?—A. And Gregory felt very badly about the letter I had written to him. I said ‘Gregory, if I have said anything to offend you, I am very sorry, and if it will pacify you at all, I will write you a note, but we are annoyed by the accounts that are paid here, and the Minister is furious at the prices charged, and we must have a change here,’ and he told me he would do everything he could to carry this out; if I wrote a little letter like that, it was not to countermand a strict letter that was written at all.

By Hon. Mr. Cassels:

Q. The strict letter was to the effect that no payments were to be made until there was money voted to pay them?—A. Yes.

Hon. Mr. CASSELS.—Your private letter was: ‘Don’t pay any attention.’ That letter is on file.

Mr. PERRON.—It is not extended in the evidence.

By Mr. Watson:

Q. Here it is, listen to this. December 27th, 1905, marked ‘private.’ ‘My dear Gregory: As regards letters which have been written to you lately, and which will probably be written to you again, they are simply to save the department in the eyes of the Finance Minister, they are doing all they can to curtail our expenses, but that cannot be done’?—A. Well, I do not see anything very wrong about that letter, for this reason, that that related—

Q. Well— A. That related to our votes, sir.

Q. Bear in mind the other letters were written in regard to expenditure and in regard to prices?—A. And over expenditure of votes.

Q. Excessive amounts, not limited to cover expenditure of votes, but referring also to quantities and prices and unauthorized purchases?—A. That letter only refers to the conversation I had with him in his office.

Q. You say: ‘As regards letters which have been written to you lately, and which will probably be written to you again, they are simply to save the department in the eyes of the Finance Minister. They are doing all they can to curtail our expenses, but that cannot be done’?—A. No, we had to carry out—

Q. You admit that that is the letter you, as deputy minister, a private letter you wrote to the agent of the department at Quebec, where a million of money was being spent each year?—A. That was in 1905. We had certain reasons for large expenditures that year.

Hon. Mr. CASSELS.—You were overriding the Minister and those in power.

Mr. WATSON.—This is at page 3294 of the volume of evidence.

Q. Then, with regard to the other matter, you wish to make some further statements in the morning?—A. If you please, when Mr. Belcourt returns from Montreal.

Q. Have you any knowledge of the cost of those six lighthouses?—A. In which part of the Dominion?

Hon. Mr. CASSELS.—Cape Race, Madeline Island and so on.

WITNESS.—No, I would not know about the cost, but we can get that statement.

By Mr. Watson:

Q. Can you get the cost of those lighthouses?—A. Yes, I will get it done.

JOSHUA MADER, sworn.

By Mr. Perron:

Q. Where do you reside?—A. Halifax.

Q. Are you not from Dartmouth?—A. No.

Q. Halifax?—A. Yes.

Q. You are a boat builder?—A. Yes.

Q. Are there any other Maders but yourself?—A. No. I used to be in Dartmouth.

Q. And you are a boat builder?—A. Yes.

Q. You have been building boats for the department?—A. No, I have not built any boats for the Marine and Fisheries Department. I did repair work for them.

Q. For the steamer *Canada*, one of the boats of the steamer *Canada*?—A. No.

Q. Of the steamer?—A. It was a small lobster boat, small steamer about 42 feet, used for protection of the ferry.

Q. She was with that steamer?—A. She was not on board any any steamer; she was too large to put on any steamer.

Q. Who was in charge of that boat?—A. I cannot tell you.

Q. Who gave you the orders to make repairs?—A. Mr. Mooney, the chief engineer of the *Canada*, notified me to come to see him; I went to see him. He said there was a tender required for the work, and asked me to write out a tender, and I did so, and I got the job.

Q. At how much?—A. From the department.

Q. How much did it amount to?—A. I think \$600; that is for the work that I had agreed upon.

Q. How much besides?—A. I think there were some extras besides.

Q. Amounting to how much?—A. I cannot tell you.

Q. \$500 or \$600?—A. It might have been \$90.

Q. You got about \$700?—A. Very near it.

Q. And the work was given to you by Mooney?—A. I got it in that way.

Q. And Mooney supervised the work and accepted it?—A. He superintended it.

Q. And accepted it?—A. Yes.

Q. And also certified your account?—A. Yes. He certified the bill.

Q. And accepted it?—A. Yes.

Q. Certified your bill was correct, and that you had done the work properly?—A. Yes.

Q. Certified as to prices also?—A. Yes.

Q. How much money did you lend Mr. Mooney.—A. No, sir, none.

Q. Did you not declare yourself that you had to pay Mooney \$50?—A. I swear positively, not one cent.

Q. I am asking you whether or not, on the night of the closing of the work at Halifax, you did not declare you had paid \$50 to Mooney?—A. I did not, sir.

Q. Did you say that?—A. I never said it.

Q. Did you say you had to pay a sum to Mooney?—A. I never mentioned it, because I could not.

Q. Or that you had to pay something?—A. No, sir.

Q. You pledge your oath to that.—A. I will swear I never said anything of the kind.

Q. Do you swear that you never paid anything?—A. I will swear that I never paid anything.

Q. To Mooney or any one else?—A. No.

Q. Did you pay something to any one in the Department?—A. Not one cent.

MR. GODFREY.—About the calcium carbide matter, I do not think I shall be able to have Mr. Fraser here. There are some matters I might complete with him—

HON. MR. CASSELS.—We can deal with it to-morrow.

Adjourned till 10 a.m. to-morrow.

OTTAWA, December 23rd, 1908.

The Commission resumed at 10 a.m.

WILLIAM H. NOBLE, sworn.

By Mr. Watson:

Q. You are stationed, if I may so express it, at Prescott?—A. Not now, sir.

Q. Not now?—A. Not for the last six months.

Q. Are you here in the office.—A. I have been here at the department.

Q. Before that you were at Prescott?—A. Yes.

Q. You were in charge of the office at Prescott after Mr. Fraser left there, were you not?—A. Yes, sir.

Q. During what period were you in charge of that office?—A. From the latter part of August, 1904—well, until 1st of September last.

Q. 1st of September last?—A. Yes, but only partially, because I was more than half my time absent from Prescott, and during my absence it was under Mr. Fraser's direct control.

Q. Then do you recollect the shipment of gas buoys to Halifax?—A. I recollect about them, but I was not at the depot at the time they were shipped.

Q. But you recollect the circumstances?—A. Yes.

Q. Those were shipped, according to the correspondence, as I recollect it, upon the recommendation first of Mr. J. F. Fraser?—A. Yes.

Q. Now there were fifteen of those buoys that were shipped down that, according to the correspondence and accounts, were charged for at the rate of \$3,000 each buoy, making \$45,000 for the fifteen buoys. What kind of buoys were these, whose make?—A. Well, these could not possibly refer to the Scout type buoys. I cannot imagine there would be any charge for them, because these were buoys called in from the Montreal division. I do not imagine there would be any charge for them. The other buoys, if they were charged at \$3,000, must be the Willson buoys.

Mr. GODFREY.—I object to argument.

Mr. WATSON.—Let him give his evidence.

Mr. GODFREY.—You objected to that class of evidence all the way through.

By Mr. Watson:

Q. That is what you say?—A. Yes.

Q. At that time Parsons wrote back protesting against the buoys being sent at all, and also against his office or branch being charged with the account for the same; do you recollect these?—A. No, I do not recall any question about the account, but I recollect on the files there was a complaint that there were too many of the Willson buoys on hand.

Q. You recollect that coming?—A. Yes.

Q. Then can you explain why those Willson buoys were sent down there?—A. No.

Q. You cannot?—A. No. They had no facilities for handling, no steamboats that could handle them properly.

Q. They had not?—A. No.

Hon. Mr. CASSELS.—All the buoys at Halifax were Scout type buoys. They explained to us the reason was that they got their name from the steamer, but I think it was proved beyond all question that all of these 28 buoys were what is called Scout buoys.

Mr. GODFREY.—Yes.

Hon. Mr. CASSELS.—You will find it on the record here.

Mr. WATSON.—The account is produced showing that they were charged for at \$3,000 each. Would any charge of that kind be made, except in regard to the Willson buoys?—A. They were second hand buoys to begin with, and they were not half that cots to begin with new.

Q. Which buoys?—A. The Scout type.

Q. So that the Scout buoys were not more than half that charge in the first place?—A. Unless there has been some mistake, I may say, in the accountant's office in charging them up against that agency, in charging that \$3,000 each—that is probably where the mistake occurred with reference to the Scout type buoys.

Q. The other buoys were not charged at that price: the other 13 buoys were charged at a smaller price?—A. I am not aware of the exact price.

Q. The other 13 buoys were charged at about in the neighborhood of \$38,000, along there somewhere; that is all a matter of record?—A. I have not seen the correspondence to make myself acquainted with these matters. I am only speaking according to my recollection.

Q. And your recollection and your statement is as you have just made it?—A. Yes.

Q. Can you explain at all why buoys were sent down there without orders and against protest?

Hon. Mr. CASSELS.—And without places to put them?

By Mr. Watson:

Q. And without places to put them?—A. No.

By Mr. Godfrey:

Q. You are speaking not from very clear recollection?—A. I beg pardon.

Q. You are not speaking from very clear recollection of this transaction?—A. No, only a general recollection.

Q. Now, if buoys charged up to one agency were taken out of that agency and sent to the other, there would be a charge made by the agency from which they were sent against the agency to which they were sent?—A. That is under the system of cost account.

Q. And no matter what was charged, suppose, for instance these Scout buoys, charged against the Prescott agency, were sent to the Halifax agency, and the agency down there charged with them, no matter what they were charged, that would be no payment out to any person outside of the government; that would be a matter of bookkeeping between two agencies?—A. Yes.

Q. And your reasoning—not your evidence—is this, that as there was \$3,000 charged for these buoys, therefore they were not Scout buoys?—A. Well, the charge appears to me to be altogether out of—

Q. But that is your argument, and that is why you give your evidence: you argue that because \$3,000 is charged for the buoys, that is why it was not Scout buoys?—A. You could get at it by ascertaining what they were charged for at Prescott.

By Mr. Watson:

Q. Could you get the books for that?—A. That can be got.

By Mr. Godfrey:

Q. Would you be surprised if the fact appears there never was a Willson buoy sent from Prescott to Halifax?—A. Well, there were a large number of the buoys sent from Ottawa.

Q. But from Prescott to Halifax, would you be surprised that there never was a Willson buoy sent from Prescott to Halifax?—A. I am not sure about that.

Hon. Mr. CASSELS.—I have read part of the evidence about these buoys, and those particular buoys, according to the evidence before me, were diverted direct from Ottawa to St. John, not Halifax. What is the nature of the Scout buoys?

WITNESS.—After the accident at Kingston, the buoys of that type were called in and in fact condemned for service on the Montreal and Kingston—

Q. Were those gas buoys?—A. Yes, Pintsch compression buoys.

Q. That is, used with the Pintsch gas?—A. Yes.

Q. And then were they changed?—A. They were withdrawn altogether; that number had been withdrawn from the Kingston Montreal—

Q. Were they sent to Halifax as they were, Pintsch buoys?—A. Yes.

Q. Or had they been transformed into Willson buoys?—A. Oh, no.

By Mr. Watson:

Q. You said that there had been a large number of buoys bought at Prescott, Willson buoys: were they required for use at the time they were purchased?—A. They were shipped to Prescott to be on hand when we would have any orders to fill.

Q. At the time they were got, were there then any requirements for them?—A. Well, I was not aware of any place that they were designated for.

Mr. GODFREY.—I ask that Mr. McPhail be called on this.

Hon. Mr. CASSELS.—He can be called in due time. I will hear any witnesses anyone wishes to call.

Mr. GODFREY.—There have been witnesses I would like to ask questions of, and they have not been called.

Hon. Mr. CASSELS.—It will come in due course. We must proceed with some regularity.

Mr. WATSON.—A statement was prepared by Mr. B. H. Fraser, as to the Canadian Fog Signal Company, showing the total purchases and the sizes of the diaphones, and the prices paid and the dates of payment; the total expenditures for the three years, and payments to the Canadian Fog Signal Company amounted to \$529,919. (Exhibit 485.)

JOHN FRASER, recalled.

By Mr. Watson:

Q. Will you be good enough to look at this exhibit which has been put in, showing a declaration and an invoice. Was there any such account as that paid for by the Department of Marine and Fisheries?—A. No; at least, that account was not.

Q. This account was referred to in the evidence of Colonel Gourdeau in respect of which the declaration was made that the goods had been imported by and for the use of the Dominion government or a department thereof?—A. Yes.

Q. You say there has never been an account presented or paid for those goods?—A. No; I do not know about being presented; it was not paid.

Q. That is, the voucher for the payment was never submitted to you?—A. No, and no payment made by the government.

Q. Is it the result of your supervision that no payment was made, or is it a fact that no payment was attempted to be made for that account?—A. So far as I know, no payment was attempted to be made.

Q. What information, if any, have you in regard to that?—A. I was informed by Mr. Coughlan, junior, I do not know his initials, that it was a case of silverware.

By Hon. Mr. Cassels:

I do not know that that would be evidence as against Colonel Gourdeau.

By Mr. Watson:

Q. Just information from Coughlan, junior?—A. Yes.

Q. Did you speak to Colonel Gourdeau after it afterwards?—A. No.

Q. You got certain information from Mr. Coughlan, but beyond that, have you any knowledge?—A. I had him under examination in connection with it.

Q. Who?—A. Mr. Coughlan.

By Hon. Mr. Cassels:

Q. Was that in your official character?—A. Yes.

Q. State what was sworn to then? What was his evidence?—A. That the case was shipped to Colonel Gourdeau——

Mr. RITCHIE.—Under oath.

Hon. Mr. CASSELS.—Yes, under the Statute, I presume.

WITNESS.—He was not under oath at the time.

Hon. Mr. CASSELS.—Then I think it should not be given.

By Mr. Watson:

Q. The information that was given to you was to you in your official capacity in the course of inquiry, but the statements by him were not under oath?—A. No, I did not consider it necessary at all.

Hon. Mr. CASSELS.—I was under the impression when Colonel Gourdeau was giving his evidence, that that was put before him, and signed and certified by someone else—

Mr. WATSON.—No, there is no certificate by anyone else.

Hon. Mr. CASSELS.—There is no certificate.

Mr. WATSON.—No. There is nothing appearing upon it at all, except the name and initials of Colonel Gourdeau.

Q. And that is the only information you have of it?—A. That is all the information I had, what I got from Mr. Coughlan.

By Hon. Mr. Cassels:

Q. Is there any rule of the department that officials can get in their goods free?—A. No, unless it is—

Q. For their own purposes?—A. No.

Q. Unless for Dominion purposes?—A. Only for Dominion purposes.

Q. Is this the certificate you referred to in your former evidence? When talking of Colonel Gourdeau you referred to his having certified Captain Spain's travelling expenses, and then that he certified to goods?—A. Well, that is the one.

Q. That is the one mentioned in your former evidence?—A. Yes.

By Mr. Ritchie:

Q. Did you ever speak to Colonel Gourdeau about this matter?—A. No.

Mr. WATSON.—With regard to those fifteen buoys, an official by the name of McPhail, who, I understand, was an assistant of Mr. Fraser's, has now produced a file containing this memorandum by Mr. Fraser. 'The undersigned recommends that authority be given for the purchase of fifteen number 8½ automatic gas buoys at \$3,000 each, \$45,000, to replace the same number of Scout type high pressure gas buoys now in service of the Montreal-Kingston division and at the west end of Lake Erie.' Your lordship will see they are to replace the same number of Scout type high pressure buoys. Then he adds: 'The Scout type gas buoys referred to are of the type which burst at Kingston and again at Parry Sound'—that is the latter class—'It is not possible to carry over five atmosphere pressure on these buoys, while the shallow draft gas buoys carry from eight to ten atmosphere. The consequence is that the maintenance cost is increased by the necessity of filling these Scout type buoys very frequently. Fifteen of this type have already been replaced and are now at the light-house depot at Prescott. Quotations are being obtained for a tripod and bell American with steel buoys, in order to convert the Scout type compression buoys into bell buoys. When this is done they can be utilized in the maritime provinces for fishing harbours. In view of the experience of the department in the past, it is desirable in the interest of safety that the Scout type buoys be removed from the gas buoy service.' Signed, J.F.F. These fifteen number 8½ automatic gas buoys were to replace the Scout buoys. On the margin of that in red ink is marked, 'I concur for minister's approval.' Signed, F.G. That is the 5th March, same date, 1907, and under that are the initials of the minister, L.P.B.

Hon. Mr. CASSELS.—That would indicate the 28 buoys that were going to Halifax were buoys that were going to be changed into bell buoys, being unsafe as gas buoys.

Mr. WATSON.—They were to replace the Scout buoys.

Hon. Mr. CASSELS.—No. It seems to me it is this way, those Scout buoys were used up above, it turned out one or two exploded, and that memo is that they became unfit for that particular kind of service where gas buoys were required, but they might do in the harbours of Nova Scotia.

W. H. NOBLE, recalled.

By Mr. Watson:

Q. You have heard the memo that authority be given for the purchase of fifteen 8½ automatic gas buoys at \$3,000 each, to replace the same number of Scout buoys?—A. Yes.

Q. Can you say whether or not it was that fifteen that were sent to Halifax?—A. Not the fifteen automatic gas buoys, the fifteen Scout type buoys, as I understand, went to Halifax, to be changed into bell buoys.

Q. There were 28 sent down altogether?

Hon. Mr. CASSELS.—That refers to the thirteen buoys.

By Mr. Watson.

Q. This refers to the thirteen buoys that went down there afterwards?—A. Apparently so.

Q. That does not refer to fifteen gas buoys that were sent down, the first shipment?—A. No.

Q. Then, were there any buoys that were bought at \$3,000 each, except those from the Willson company?—A. The Willson company supplied the only buoys—

Q. That is at that price or upwards?—A. Yes.

(Memo Exhibit 486.)

Mr. GODFREY.—That is the point I wanted to call McPhain on.

Hon. Mr. CASSELS.—The evidence will come out, if you will only rest patient. I am here to see the actual facts come out. Just wait and have patience. I have had patience enough, I think.

Mr. WATSON.—My learned friend and I are also here to see the facts come out.

Hon. Mr. CASSELS.—Yes, I do not think any one is complaining.

Mr. WATSON.—If not, I do not know what we have been doing for a long time, I am sure.

(Cheques to Ketchum exhibit 487).

WILLIAM W. STUMBLES, sworn.

By Mr. Watson:

Q. I would like you to be good enough to tell me the names of the members of the staff of Falconer & Company who were here in May, June and July, of this year, 1908?—A. I do not remember all the names, sir, but I asked for a list, and they told me they had given it to you.

Q. Can you as a matter of recollection, remember?—A. I remember Mr. Falconer.

Q. In May, June and July, 1908?—A. Yes.

Q. I am not asking for any other time?—A. Yes.

Q. That is for this year?—A. Yes.

Q. Falconer was here?—A. Yes.

Q. Mr. Pare was here?—A. Yes.

Q. Mr. Dowd?—A. Yes.

Q. Who else?—A. There was a Mr. Petts here.

Q. In May and June?—A. I hardly think that, I think he had gone before. He was from New York.

Q. Have you seen Mr. Pare here within the last day or so?—A. No, sir.

Q. Have you seen Mr. Dowd here within the last day or so?—A. No.

Q. You have not seen them?—A. No.

Q. Can you tell me why it was that files of your department were in the cellar in the month of May and June?—A. No, sir.

Q. You cannot tell?—A. No. I never know. I never heard of that before.

Q. Never heard of what?—A. Of the files being in the cellar.

Q. Where were they?—A. I supposed they were in the record branch.

Q. You supposed they were in the record branch?—A. Yes.

Q. And in what other place did you see portions of the files of the department?
—A. Never saw them anywhere else.

Q. What?—A. Never saw them anywhere else but in the department.

Q. But in what place in the department other than your room?—A. My room and records branch and the Minister's room.

Q. Who has charge of the Records Branch?—A. Mr. McClellnaghan.

Q. Where else did you see them?—A. I saw them in the deputy's room.

Q. Where else?—A. Mr. Fraser's.

Q. Where else?—A. Some in Commander Spain's room.

Q. And where else?—A. Some in Colonel Anderson's room, and some in my own room, and some in the accountant's room.

Q. Did you know of files being taken out and into other rooms after this commission issued; just try and think?—A. No. Into other rooms?

Q. Other places than your room and McClellnaghan's room?—A. Oh, every day files were taken into another room.

Q. But files for the purpose of examination out of the ordinary course?—A. No.

Q. What floor is your office on?—A. Away up on the top flat.

Q. But the main offices of the department are on what flat?—A. The offices of the department extend from the second floor—

Q. The second floor up?—A. Yes.

Q. Is there any room below the second floor that is occasionally used by officers or officials of the department?—A. No, there is a storeroom.

Q. Where is that storeroom?—A. It is underneath the Customs Department.

Q. Underneath the Customs Department?—A. Yes.

Q. Is that on the ground floor or below the ground floor?—A. It is in the basement.

Q. Are you often there in that room?—A. No, sir, I have not been there for three years, I think.

Q. Were you not there in May or June in that room?—A. No, sir.

Q. What?—A. No, positively.

Q. Not there?—A. Not there.

Q. Or in April in that room?—A. No, sir, positively.

Q. Do you know of files of the department being in that room?—A. No, sir, never heard of it.

Q. I tell you the reason I am asking this question exactly. Information reached my learned friend and myself that a considerable part, or some part, of the files from your office were taken into that room, and were there with Mr. Fraser and the deputy minister and yourself, and that they never came out of that room, but were destroyed after they had been taken to that room?—A. That is absolutely incorrect. I never heard of such an insinuation; it never happened as far as I am concerned.

Q. As far as you are concerned, it never happened?—A. I never heard Colonel Gourdeau or Mr. Fraser were down there.

Q. Is it not a fact that after this commission issued Mr. Fraser got a considerable portion of the files to go over?

Hon. Mr. CASSELS.—Which Fraser is that?

Mr. WATSON.—J. F. Fraser.

Q. Is that not a fact?—A. He got some files, but they were in with the Commissioners, Civil Service Commissioners.

Q. When did the Civil Service Commissioners stop their work?—A. Some time ago—well, I was not in Ottawa.

Q. Then you do not know?—A. No.

Q. Is it not a fact that after the Civil Service Commission was over, and about the time that his lordship was appointed to this commission and after, that Mr. Fraser got a part of the files and took them for examination and inspection by himself?—A. No, not as far as I know. I cannot say he did not do that, but not as far as I know; I am positive on that.

Q. Are you in charge of them?—A. No, sir.

Q. Who is in charge of them?—A. Mr. McClenaghan.

Q. How are you able to say it did not occur?—A. I do not know that it occurred. I have said that.

Q. You do not now that it occurred.—A. I have tried to make it understood I do not know anything at all about what you are asking me. I have no knowledge of it.

Q. When tenders were received in answer to advertisements, did those tenders come into your possession?—A. Yes, sir.

Q. Directly?—A. Yes, sir.

Q. Or indirectly?—A. Sometimes they came—latterly, in the last year, they came to me, after they had been held in the department some time.

Q. During the last year?—A. Yes. Previous to that, they came to me from the Records Branch. They were marked tenders, and then they were handed to me.

Q. So that after you got the tenders, you reported upon them to whom?—A. To the deputy minister, I made a schedule of them. Let me explain with regard to that; with regard to lighthouses, they went to Colonel Anderson before they went to Colonel Gourdeau.

Q. And the others went directly to the deputy minister.—A. Yes.

Q. I want to know, if you please—and it is also by reason of information that my learned friend and I have received—whether you have any knowledge of a tender, of any tenders, after they came in being changed, so as to make them lower than other tenders then at hand; that is a very specific question?—A. Yes, it is. I do not remember of any tenders.

Q. Do not remember?—A. No.

Q. That is as far as you can go, is it?—A. As far as I can go, and as far as I believe now, and so far as my knowledge is concerned, I never know of anything of that kind, unless there was some reason for it, unless new tenders were invited.

Q. You remember the question I asked you, don't you?—A. You asked me if any tenders were altered?

Q. That is the effect of it, and I added to that, for the purpose of making them lower than other tenders then at hand?—A. No.

Q. That was a specific question I asked you?—A. I answered that positively, no.

Q. Why did you answer before, not that you remembered?—A. Well, a man has to be cautious.

Q. I asked you a day or so ago to look up these tenders, have you them here?—A. The tenders are on file here.

Q. I asked you to look them up, and have them ready to produce. Have you looked at them since?—A. This morning and last night.

Q. You have done so?—A. I looked over a number of them.

Q. Where are they?—A. On the files.

Q. Are they here?—A. A great many of them.

Q. For what years?—A. Different years.

Q. I would like you to produce me the tenders for one particular year, say 1906?—A. Yes.

Q. All the tenders for 1906?—A. Yes.

Q. Have you got them?—A. They are not all here. Will you let me explain—

said out By Hon. Mr. Cassels:

Q. You have not answered Mr. Watson's question. Your answer to Mr. Watson's question is this: that there were no alterations, but you do not say whether a par-

ticular tender was not sent back in order to get a new tender sent in at lower prices?—A. I have no recollection of that.

Q. I know that was not covered by your answer?—A. I wish to cover that, or anything else.

By Mr. Watson:

Q. You wish to cover what?—A. To cover that or anything else; you asked me, and I mean to cover the ground. I do not mean to cover it up.

Q. Get me all the tenders that came in for one particular year, say 1906?—A. All right, but I wish to let you know that we are not allowed to take tenders off the file. We can bring you the file. Parliament does not allow that. We are not allowed to mutilate a file.

Q. Who is suggesting you would mutilate a file?—A. I am not suggesting you asked me about mutilating a file, but I mean where they bring you a file—the other commissioners began to tear off letters off the file and we had to stop them.

By Hon. Mr. Cassels:

Q. You mean, not mutilating, but dismembering a file?—A. Yes.

JAMES E. McCLENNAGHAN, sworn.

By Mr. Watson:

Q. I think you said on your former examination that you were an official of the department?—A. Yes.

Q. Clerk of Records?—A. I am an officer in the correspondence branch of the department, nominally at the head of the Record Branch.

Q. Are you in charge if the records?—A. Yes, nominally.

Q. Nominally in charge?—A. Yes.

Q. Who is actually in charge?—A. Well, there is no actual organization yet.

Q. No actual organization yet; in 1906 who was in charge of the records and files of the department?—A. I was in charge.

Q. That is what I was trying to get out?—A. Nominally, I say.

Q. I do not understand what you mean by nominally. I want who was in actual charge, who had the responsibility for the custody of those documents?—A. I was responsible, or held responsible.

Q. Why do you say nominally?—A. Because it was not defined by order in council.

Q. Why?—A. Because the duties of the staff have not been defined by order in council.

Q. Do you mean to say that every clerk there has to have his duty defined by order in council?—A. Some of them have been.

Q. You got your instructions from the deputy, I suppose?—A. Yes, sir.

Q. And your instructions from the deputy involve your personal responsibility?—A. Yes.

Q. For the care, possession and custody of all files?—A. Yes.

Q. That is right, is it?—A. That is right.

Q. That is 1905, 1906 and 1907?—A. Yes.

Q. And up to the present time?—A. Up to the present time.

Q. After this commission issued did Mr. J. F. Fraser get some portion of the files for examination?—A. Not from me.

Q. Whom did he get them from?—A. If he got any, it must have been through the commissioners branch.

Q. Through what branch?—A. The Commissioner of Lights Branch.

Q. If he got them it would be through the Commissioner of Lights Branch?—A. Yes.

Q. But he was the Commissioner of Lights?—A. He was not the acting commissioner, he was suspended.

Q. But before that time about and before the time the commission issued; when was he suspended?—A. He was suspended before it.

Q. When was he suspended?—A. I do not recollect the exact date, but it was before the commission—

Q. After he was suspended did he get possession of some of the files for inspection?—A. I did not give him any.

Q. That does not answer the question?—A. I do not know from actual knowledge; I did not see him with them.

Q. But you have already stated that you were personally responsible for the possession and custody of the files?—A. Well, when a file is referred to the commissioner of Lights or his branch, I cannot follow the file and be responsible for it after it leaves my room, it is charged to him—

Q. The question is, did Mr. Fraser get any of those files?—A. He never got a file from me. I have never charged any file to him.

Q. Not charged to him?—A. No.

Q. To whom were they charged?—A. To the Commissioner of Lights.

Q. Who was the Commissioner of Lights?—A. The acting commissioner was Mr. McPhail.

By Hon. Mr. Cassels:

Q. Where is it charged to him? In a book?—A. We have a regular system of charging.

By Mr. Watson:

Q. Have you that book here?—A. The charge is not a permanent charge, except on—

Q. Have you the book here containing the entries charging people with files?—A. Their slips and the record is on the file.

Q. The record is on the file?—A. Yes.

Q. You have that record?—A. Yes; if the commissioner got the file, without any new letter being attached to it, it would be charged to him for the time being, and when it was returned there would be no record of that.

Q. I thought you said there would: what do you mean by that?—A. When we attach a fresh letter to the file, it is referred to the branch that has to do with that particular file and letter, and it is charged, the file is charged and stamped on the letter: you will see it on the file 'Referred to the Commissioner of Lights' on a certain date.

Q. But you have a file in your possession: the Commissioner of Lights, or someone in his office, gets that file?—A. Yes.

Q. It is then charged to him?—A. Charged to him in a temporary slip, and that is put in a book, and when the file—

Q. Now, I want that book?—A. When the file is returned that is torn up.

Q. I want that book?—A. You can send for it.

Q. Will you go and get it, as soon as I ask you one or two questions. That book would show. Do you know about that store room?—A. Yes, I do.

Q. Were you ever in the store room?—A. I was in the store room to give Mr. Fysh a file he wanted.

Q. When was that?—A. Before they ceased to act in connection with this.

Q. So the files were there in that room?—A. No.

Q. Were the files there in that room?—A. No, I carried them down and handed them.

Q. Then they were there when you got them there?—A. They did not stay there long, they came back right off.

Q. How many files did you take down to that room?—A. Three.

Q. Were there any other files taken to that room?—A. Not that I know of.

Q. Who would know?—A. Someone in the Commissioner of Lights Branch.

Q. You have heard that there were files there?—A. I did hear it as a rumor, but I cannot say positively.

Q. That the files were there in that room?—A. Yes, that he had examined certain files.

Q. That Mr. Fraser had?—A. Yes.

Q. You heard that in the building?—A. Yes, in the Department.

Q. It was common report in the office?—A. Yes.

Q. That files were down in that room being examined by Mr. Fraser?—A. Yes, I heard that.

Q. And that was in May and June, was it not?—A. It was after his suspension: I supposed he had authority to—

By Hon. Mr. Cassels:

Q. It would not have been your duty to have enquired into it?—A. Well, it was only a rumor.

By Mr. Watson:

Q. Did you enquire into it when you heard that? You say it was common rumor and talk?—A. I did not make any special enquiry.

By Hon. Mr. Cassels:

Q. Did you enquire?—A. I did not enquire.

Q. You just heard the rumor, and it rests on the rumor?—A. Yes.

By Mr. Watson:

Q. But that, you say, was common talk in the department, and that was something that affected your office and your duties, did it not?—A. I did not know but what the deputy or the Commissioner of Lights had got permission to do that.

Q. You did not know but what they had?—A. No.

Q. But you do know as a fact that at that time, or about that time, files were down there?—A. I knew—at least I heard that he had a file.

Q. You knew he file was not in your office where it should be?—A. If it was in the Commissioner of Lights Room, I cannot—

By Hon. Mr. Cassels:

Q. If it were down stairs you would have had on the file a memorandum showing why that particular file was gone, and where it was gone to, or if a portion of that file was absent, you would have a memorandum there showing where it was gone to, and when it was replaced it was destroyed?—A. The officers of the other branches do not always notify me when they take the file to another room.

By Mr. Watson:

Q. I thought you said every time everything was charged to the department who took it?—A. We send it to a branch, but if the commissioner of lights takes it to another room and does not notify us, we do not know anything about it, we hold him responsible.

Q. Is it not a fact that about that time you know files were down in that store-room?—A. It was only a rumour.

Q. Who told you?—A. I think Mr. White is here, he can tell.

Q. Who told you?—A. I think Mr. White, of the Commissioners branch, can give us some information with regard to it.

Q. You think he can give us some information with regard to it?—A. Yes.

Q. And who else?—A. That was all.

Q. You got it from him?—A. No, I do not think I got it from him.

Q. Why did you mention White's name?—A. I was under the impression that he, as the stenographer and typewriter for J. F. Fraser, would know something about it.

Q. You say you knew, and then you say you were under the impression he would know something about it?—A. Yes.

Q. Did you ever ask him?—A. I do not recollect whether I did ask him. He will be able to answer that question; I do not recollect at the present moment.

Q. We will give you two or three minutes to think of it, please?—A. We handle hundreds of files every day.

Q. Did you speak to Mr. White about it?—A. I do not recollect any conversation I had with White.

Q. Who else had files down there besides Fraser?—A. That is all.

Q. And then you heard, did you not also in the department, that while they were down there, that portions were destroyed?—A. I did not hear that.

Q. What did you hear in regard to that?—A. I did not hear anything. While the files were down there I did not hear of anything being destroyed.

Q. Where were they when you heard of that?—A. In fact I never heard of portions of the files being destroyed.

Q. What did you hear?—A. I did hear of a file that was Mr. J. F. Fraser for a long time, and we could not get it, but it finally turned up.

Q. Eh?—A. The minister got the file later on. There were additions to the file that we did not put there; it did not come through the Records branch.

Q. Why did you not tell all about this in the first place? When was that?—A. I do not know when that occurred.

Q. About when was it?—A. It was since or about the time he was suspended, when the minister was looking into this case.

Q. Where is that file now?—A. It is in the department, I think.

Q. Did you ever look over it to see what the additions were that had been made to it?—A. I did, and I think Mr. Stanton did. I did not go over it very thoroughly.

Q. And Mr. Stanton did?—A. Yes.

Q. Did you find where any portions had been extracted or taken away, or could you tell?—A. There appeared to be additions, that is all.

Q. Could you tell whether any portions had been taken away?—A. I examined the register, and I could not find that any had been taken away, but there seemed to be additions.

Q. Could you find where some had been replaced by others?—A. No, I did not see that.

Q. Did you examine for that purpose?—A. No, I understood that Mr. Stanton made a careful examination of the file, and I did not go into it.

Q. What report did Stanton make?—A. I do not know what he made. He made a report to the minister.

Q. What did he say about it?—A. Did not say anything to me.

Q. Did you not ask him about it?—A. He just said he had gone through that file.

Q. What else did he say?—A. There were apparently fresh letters put on, or letters put on that were not on the file, or did not come through the Record Branch, did not have our stamp.

Q. Did you make any further inquiries about it?—A. No, no further inquiries.

Q. Did you report that to the Minister?—A. That was after the Minister had got the file that I saw this.

Q. After the Minister had got the file?—A. Yes.

Q. But did you report what Mr. Stanton said to the Minister, that apparently additions had been put on?—A. To the Minister, yes.

Q. You reported it to the Minister?—A. He called me in about the file.

Q. To know about it?—A. Yes.

Q. Did you tell him what Stanton had said?—A. I said—

Q. Did you tell him what Mr. Stanton told you?—A. No. I said Stanton had made an examination of the file, and he could explain it better than I could.

Q. How many files did that occur with?—A. That was the only one that I remember.

Q. But did that not occur with several of the files, that same thing? Try and think?

Hon. Mr. CASSELS.—You can answer these questions if you want to answer them.

A. It is a matter of memory. There are thirty thousand letters a day—

By Mr. Watson:

Q. There might be 100,000 letters a day, but still you would remember. How many files did that same thing occur with respect to additions to the file?—A. A great many letters were received by Mr. J. F. Fraser addressed to—

Q. How many files did that occur with?—A. I do not remember.

Q. It may have been a dozen there were additions to?—A. There might have been more.

By Hon. Mr. Cassels:

Q. Were these new letters that were interpolated into the files entered in the book?—A. Not entered in the register.

Q. Not entered at the present time?—A. I do not think it.

By Mr. Watson:

Q. After these additions were made, did you then change the register, so as to make the register correspond with the file?—A. Never.

Q. That was never done?—A. Never done, I gave a copy—

Q. Did you ask whether that should be done?—A. That the register should be changed?

Q. Yes, that it should be changed to correspond with the file?—A. No, I did not.

Q. Being in charge and having the responsibility of the files, can you say whether or not letters and papers were taken off the files after they left your possession? Can you say as a matter of personal knowledge?—A. Not without examining the register.

Q. Have you ever done so? Have you ever made such an examination?—A. Of that particular file, I examined the register.

Q. And you found that additions were made. Did you find that some were missing?—A. The additions—I do not remember any missing.

Q. Then and there did you make a record of it, for your own protection, as the custodian, did you then and there make a written record of what you found?—A. No, I did not.

Q. With regard to that or any of the other files?—A. No.

Q. Made no record?—A. Yes.

Q. What was the rumor there in the department, the general talk—

Mr. GODFREY.—Surely that is not evidence.

Mr. WATSON.—Was there a rumor there about the destruction?

Hon. Mr. CASSELS.—It is not evidence against anybody, but it may lead to disclosure of names that may be called.

Mr. WATSON.—It is only in that way I am bring it out.

Mr. GODFREY.—In that case, I do not object.

Mr. WATSON.—It is only in this way I can get the information. I have not been able to get the evidence before. I have been trying to get the evidence for months and months.

Hon. Mr. CASSELS.—It is with a view of getting the names of somebody who may be called.

By Mr. Watson:

Q. I understand from you that there was a rumour as to destruction of papers ?
—A. There was a rumour.

Q. From whom did you hear that ?—A. I stated in my last evidence.

Q. Give us the names ?—A. The first rumour I had was from your learned friend.

Q. Mr. Perron ?—A. Yes.

Q. But from the officials, where was the rumour ?—A. There was no rumour at all from the officials. I had no reason to suppose—and I have not yet—that any officer has been takin things off the file and destroying them.

Q. But you do know as a fact that additions have been made to the file ?—A. Yes.

Q. It would not take long to carry it a little further. Now, when my learned friend, Mr. Perron, asked you and referred to that rumour, did you tell him what you have now stated in the witness box about the additions to the files ?—A. I forget whether that happened after or before.

Q. Did you tell him at the time what you have stated here about the additions to the files ?—A. No, I did not. It was in the knowledge to the minister. I did not think it was—

Mr. PERRON.—I sent for him for the purpose of inquiry.

By Mr. Watson :

Q. Your were sent for the purpose of inquiry ?—A. Yes.

Q. You were sent for for the purpose of inquiry about this in the minister's room ?—A. Yes.

Q. At that time, when you were sent for, for the purpose of inquiry in the minister's room, did you state what you have stated here now, about the additions to the files ?—A. Yes, I did.

Q. In the presence of Mr. Perron ?—A. No, in the presence of the minister.

Q. When was that ?—A. It was just about the time that Mr. J. F. Fraser was suspended, I do not know the date. I certainly never was called into the minister's room in Mr. Perron's presence.

Q. You did not tell Mr. Perron what you have stated here ?—A. Not with regard to that file.

By Hon. Mr. Cassels:

Q. Would it be possible to substitute one letter for another in the record, and stamp it back as of the date the one taken out appeared to be received ?—A. It would be almost impossible, because they would have to get our stamp, and forge our writing, and everything else.

Q. The initials ?—A. Yes, and a dozen things.

By Mr. Watson:

Q. Did you tell the deputy minister what you have sworn to here to-day, just speak, please ?—A. I did not speak to him about it.

Q. You were aware the minister was out of town to-day ?—A. Mr. Stanton was [acting—

Q. Did you tell the deputy minister what you have stated in the box ?—A. No, I did not.

Q. The deputy minister was your superior officer there ?—A. Yes.

By Hon. Mr. Cassels:

Q. What was the date ?—A. I say it was about the time Mr. Fraser was suspended.

By Mr. Watson :

Q. When was the date ?

Mr. GODFREY.—I think it was the 16th April. I am not very sure about it.

Hon. Mr. CASSEL.—Colonel Gourdeau was absent from the 1st April

By Mr. Watson :

Q. Well, then, did you tell Mr. Desbarats about that condition of affairs?—A. Mr. Stanton was the acting—

Q. Did you tell Mr. Desbarats about that condition of affairs?—A. I don't think he was acting.

Q. I did not ask you that. Have you told Mr. Desbarats about that condition of affairs?—A. I might have mentioned it.

Q. Do you recollect having done so?—A. I felt that—

Q. Never mind how you felt.

By Hon. Mr. Cassels :

Q. You know whether you told him?—A. I do not know whether I told him or not, Mr. Stanton was the acting deputy minister and I thought he would attend to it.

Mr. WATSON.—I want these files to which additions were made, and I want you to assist about these tenders as well, all the tenders for 1906.

PERCY R. WHITE, sworn.

By Mr. Watson :

Q. You have heard the evidence of the last witness?—A. I have, sir.

Q. According to that evidence, you have some knowledge of the subject that is being inquired about?—A. I have.

Q. What is the knowledge that you have?—A. All the knowledge I have about that is that I think shortly after the 1st of April, I remember when Mr. Fraser was suspended he came up to the office, and some of these Willson files were in the office, and he wanted them downstairs in the room, to take the Commissioners' report, the first Commissioners' report, and all accounts, every one of these items that the Commissioners had made comments, the number of the page of the file that they referred to.

Q. That is what he said he wanted them for.—A. Yes.

Q. What else?—A. And I took them down there, and I sat down at the seat at the table, and went through the files, and had the Commissioners' report, and marked against the different pages in that report the numbers on the files.

Q. What else?—A. I do not think there is anything else.

Q. You do not think there was anything else?—A. No.

Q. How long were you there in the room?—A. I was probably in the room one morning and an afternoon, and another morning, probably a day and a half.

Q. Three different days?—A. No, two different days.

Q. How many files were there.—A. There were three files as far as I can remember. I do not think there was any more.

Q. Are you in the department now?—A. Yes.

Q. Where?—A. In the Commissioner of Lights Branch.

Q. What are your duties now?—A. At the present time to look after all the gas buoys and lightkeepers' salaries.

Q. What was your position then?—A. Practically the same.

Q. 1908?—A. Yes.

Q. What were you doing in the storeroom?—A. I took the files down there; there was no room for them at the time.

Q. What do you know, if anything, about the condition of the files?—A. Nothing at all, sir.

Q. You do not know anything about that?—A. No, sir.

Q. What did you state to Mr. McClenaghan?—A. I really cannot remember that I stated anything; I went in there for a file that was not in our office.

Q. You cannot remember that you stated anything?—A. I say that I did not state anything.

Q. That is quite a little jump?—A. I did not say anything to McClenaghan. We wanted file 28075, and I went in there.

Q. You remember very particularly.—A. Yes.

Q. You remember the number?—A. I have been running through the files for the last year and a half, and it would be rather funny if I did not.

Q. 28075?—A. Yes.

Q. That number seems to have got impressed on your mind?—A. Well, I can tell you about half a dozen other numbers of the files I have had things to do with.

Q. What I want to know is if you remember telling Mr. McClenaghan anything—A. No.

Q. Which would lead to his evidence?—A. No, I do not think so. I remember going into the record room and asked for a file.

Q. It was just a general question?—A. I asked is 28075 in here?

Q. What other number did you ask for at the same time?—A. I do not think I asked for any because the other two files were in our office at the time.

Q. Have you only three files?—A. Those were the only three that were mentioned in the Commissioner's report.

Q. Those were the ones current?—A. Yes, those were current.

Q. How many files were current?—A. For Willson or for the office?

Q. Commissioner of Lights Branch?—A. I could not tell you; I suppose there must have been five or six hundred.

Q. Current?—A. Yes.

Q. Then running?—A. Yes.

Q. At that time?—A. Yes, oh yes, quite. I do not mean for one day, you know.

Q. What, if anything, do you know about portions of files being replaced and portions of files being destroyed?—A. Nothing at all; never heard of it.

Q. Never heard of it?—A. Not until the evidence here this morning.

Q. Notwithstanding what McClenaghan has stated?—A. Never heard it mentioned.

WILLIAM J. ALLEN, recalled.

By Mr. Perron:

Q. Did you get this book?—A. Which book is that?

Q. The book which you were to get when we suspended your examination the other day?—A. Well, the books are all here.

Q. Have you had this book which will show the details of Fraser's account?—A. It is all entered on those books.

Q. Where is it?—A. You will have to use the dates of that account to get it.

Q. Well, get the books, July 22, 1904. There is nothing in this book. You have here an account showing on July 22nd, six single gas brackets at 75 cents; they are not here?—A. Yes, here they are on the 21st.

Q. Yes, I see. What does it mean, 'book' here. What is the meaning of this 'book J'?—A. I do not know who put that T. there, unless he was carrying a pass-book.

Q. Was he carrying a pass-book?—A. That is what that would show that it was.

Q. Was he carrying a pass-book, what do you say?—A. Yes.

Q. Where is this book?—A. I presume he has it himself.

Q. Well, do you know?—A. It was for his own convenience that he kept it.

Q. I see now, Mr. Allen, that the charges in your book are exactly the same as those which were originally made on this account?—A. Yes.

Q. Before the repairs were made by you?—A. Yes.

Q. So the prices charged at the time in the book and in this account were your regular prices?—A. That is what I should have told you. I wish to recall that statement.

Q. What statement?—A. When I said those prices were incorrect, what I meant to tell you, or what I should have told you, that those prices which were in there as the original prices were correct.

Q. And that hereafter you made a reduction on them to reduce them, as appears by this statement?—A. Yes.

Q. Of about 33 1/3 per cent?—A. No.

Mr. GODFREY.—Not that much, \$20.

Mr. PERRON.—Please do not interrupt.

Q. Three packages charged at 40 cents?—A. Yes.

Q. You have charged him afterwards thirty? Is that one-third?—A. That is one-third.

Hon Mr. CASSELS.—That would be one-fourth taken off.

Mr. PERRON.—Sometimes it is a third and sometimes a fourth, it appears on the face of the account.

Q. I see that on the 26th July and 22nd July some goods were sold at the same date to the Department of Marine and Fisheries, and some to Mr. Fraser; did you notice that?—A. Yes.

Q. So, all along you were getting orders from Mr. Fraser?—A. Yes.

Q. In his quality of superintendent, or whatever he was?—A. That was for his own personal account.

Q. What deductions did you make, if any, to the Department of Marine and Fisheries?—A. There were none.

Q. Why?—A. No particular reason why.

Q. What was the particular reason why there were deductions made to Mr. Fraser? That is a very simple question to answer?—A. Well, simply because he was Mr. Fraser, I presume.

Q. Because he was Mr. Fraser?—A. Yes.

Q. And because he was Mr. Fraser, the agent of the Department of Marine and Fisheries?—A. I presume that was it.

Q. And because you were getting orders from him for the Department of Marine and Fisheries, answer?—A. Yes.

Q. I also see that, notwithstanding the reductions, and before making the reductions to Mr. Fraser, you were charging more to the Department of Marine and Fisheries than you were charging originally to Mr. Fraser; why is that? Why were the goods charged to the Department of Marine and Fisheries at a much higher price than to Mr. Fraser, even before the deductions were made?—A. I was not aware that that was the case.

Q. You have seen the comparison? Has it not been shown to you?—A. Yes, after making the deduction.

Q. But before making the deduction, we have shown you, by comparing your accounts that even before making the deductions to Mr. Fraser, you were charging more to the Department of Marine and Fisheries than you were originally charging to Mr. Fraser; why did you do that? You were charging the department more than to your other client; that is the sole reason?—A. It was not the intention, and it was not known if it was done.

Q. You see it now?—A. Yes.

Q. Fortunately the mistake was not against you but against the department?

Hon. Mr. CASSELS.—Was it similar goods?

Mr. PERRON.—Yes.

A. Was it the same class of goods?

Q. Yes: lime Fraser 25, department 30; putty Fraser two cents, department 5; fire clay, Fraser one cent, department two, and all along. How do you explain that? And this is before you made those deductions to Mr. Fraser. What have you to say to that? The answer, Mr. Allen, is that you were charging to the Department of Marine and Fisheries more than you were charging to your ordinary clients?—A. It was not the intention to do so, and these were not noticed.

Q. And fortunately the error was in your favour, not in favour of the department? (No answer).

Q. Now you have noticed, and you know, that those accounts in which there were overcharges were all certified by Mr. Fraser: you know they were all certified by him?—A. Yes.

Q. Here is this account J. F. Fraser, prices fair and just. So the prices were fair and just for the department, but not for Fraser?—A. For who?

Q. For Fraser, because he was getting them cheaper, and then getting a reduction? (No answer.)

Q. What about Macpherson's account?—A. It was brought in here.

Q. Where?—A. It was given to you.

Q. No, it was not?—A. Well, I brought it in with the other goods.

Q. How much does it amount to?—A. Four dollars.

Q. Is that all?—A. Yes.

Q. You swear to that?—A. Yes.

Q. How many cheques have you issued, bearer, to cash, the proceeds of which have been going to the officers of the department?—A. Not one.

Q. What did you give them?—A. Not one.

Q. Reductions on their accounts?—A. No, the only account that received any reduction was Fraser.

Q. The others were not treated as well as Fraser?—A. No.

Q. Why were they not: smaller fish, smaller fry? You gave enough to the head and would not give anything to the others? (No answer.)

Q. Nor do anything as to the others? Is that your answer?—A. Well, I suppose it was because Fraser was head of the department.

Q. And I suppose you found you had enough of one to take care of, and did not take care of the others: that was discrimination?—(No answer.)

By Mr. Godfrey:

Q. You did not make deductions on every item on this account?—A. No.

Q. The total amounts to about \$20 on a \$300 account?—A. Yes.

Q. So it is not a third. Did Fraser ever ask you for those reductions?—A. No.

Q. Do you know whether he knew of these?—A. No.

By Mr. Perron:

Q. He never knew of these reductions?—A. Not to my knowledge.

Q. What makes you say he never knew about those deductions?—A. Because I do not know that he did.

Q. How was it? Did he pay you the full amount notwithstanding the reductions?—A. The full amount of which?

Q. The full amount of the original account?—A. No.

Q. Therefore he must have heard of the reductions?—A. No.

Mr. GODFREY.—That is not fair.

By Mr. Perron:

Q. What makes you say that Fraser did not know of these reductions?—A. The original account was not rendered to him: it was the amended account.

Q. Do you swear to that?—A. Yes.

By Hon. Mr. Cassels:

Q. Was the detailed account sent to Mr. Fraser?—A. Yes.

Q. Similar to the one produced?—A. The amended one.

Q. Was the original one sent to him?—A. No.

By Mr. Perron:

Q. Do you swear the original one had not been sent to him?—A. I have no recollection of it being sent.

Q. How much is owing you now on Mr. Fraser's account?—A. I think it is something like \$75.

Q. What is the right amount?—A. That small book will show that.

By Mr. Godfrey:

Q. I understand there was only about \$41 on the old running account that is due?—A. Yes, something like that.

CAMERON STANTON, sworn.

By Mr. Watson:

Q. What is your position?—A. My position is assistant deputy minister.

Q. And before that?—A. Just chief clerk.

Q. What do you know about Mr. Fraser getting possession of some of the files after he was suspended from his office?—A. Nothing, sir, at all.

Q. What?—A. Nothing at all.

Q. What occurred between you and Mr. McClennaghan about that?—A. Nothing.

Q. Any conversation ever occur between you and McClennaghan bearing upon it?—A. No, sir.

Q. Did Mr. McClennaghan ever speak to you about additions to the files?—A. Not that I remember, sir.

Q. Take a little time and thought, and see if you can recollect?—A. No; I think I would be safe in saying he did not, sir.

Q. Never spoke to you about additions to the files?—A. No, sir.

Q. Did you ever know or hear in any way that additions had been made to the files by Mr. Fraser?—A. No, sir.

Q. Never heard of it?—A. No, sir.

Q. At that time what had you to do with the files?—A. With any particular file, sir?

Q. At that time had you to do with the files?—A. With any particular file, sir?

Q. Yes, files of the department?—A. Well, they are only sent in to me, the ones that refer to me.

Q. But at that time what had you to do with the files, say in April, 1908?—A. The same as I have now; only the files that relate to me or my business are sent to me; I do not make up the files, or add to them, or take anything from them.

Q. You would not be expected to, of course?—A. No, it would not be part of my duty.

Q. It would not be part of your duty, but it would be a violation of your duty to change the file?—A. Oh, yes, of course, but I mean I have nothing to do with the making up of them; that is done in the record office.

Q. How does it come that Mr. McClennaghan has referred to you and your knowledge of these matters?—A. I do not know what he said; I was not in.

Q. I understand you to say now that you have never had any conversation with Mr. McClennaghan?—A. No, sir, I do not remember any conversation with him.

Q. It may have taken place, and you may have forgotten it?—A. It might have. Of course if the conversation was repeated to me I might remember it, but a general question like that, my answer would be that I have no recollection of it.

Q. If you were informed that Mr. Fraser got files after he was suspended, and that additions were made to the files by him, would you regard that as important or not of much importance?—A. I would regard that as important.

Q. And if that came to your knowledge, what would you do in consequence of receiving that information—what, if anything, would you do?—A. I think I should have reported.

Q. What?—A. I think I should have reported it to my superior officer.

Q. You think you should?—A. Yes.

Q. Your superior officer would be—A. The deputy minister.

Q. Who was the deputy at that time? When did Colonel Gourdeau leave?—A. He went on leave on the 1st of April, but he did come to the office after that.

Q. Colonel Gourdeau was there every day after that?—A. For a time.

Q. Until some time in June; is that not the fact?—A. Yes.

By Hon. Mr. Cassels:

Q. But was he performing the duty of deputy minister?—A. No, Mr. Desbarats was the acting deputy.

Q. When did Mr. Desbarats come?—A. I think he came early in April.

Q. While Colonel Gourdeau might have been about, he was not there in his capacity as deputy minister?—A. No, my lord.

Q. You would not report to him?—A. No.

By Mr. Watson:

Q. Was Colonel Gourdeau taking an interest in matters after the 1st of April?—A. Departmental matters?

Q. Yes?—A. Very little, just where it was necessary for him to assist the acting deputy with his knowledge.

Q. Was he taking an interest in matters in relation to this commission about the office?—A. Yes, sir.

Q. And you know, I presume, of some of the files being in the storeroom there with Mr. Fraser?—A. No, sir, I had no knowledge of it.

Q. Did you hear of it at the time?—A. I think I did hear Mr. Fraser had a room down stairs, but it was just what was spoken of in the department.

Q. That was spoken of in the department at that time that Fraser had a room down stairs?—A. Yes.

Q. What room was that?—A. I do not know, sir.

Q. How can you account for Mr. Fraser having a room down stairs after he was suspended?—A. Well, I understood it was to prepare his case.

Q. You understood it was to prepare his case?—A. Yes.

Q. And in connection with the preparation of his case he had the files of the department?—A. That I do not know.

Q. That you understood, did you? You understood that, did you?—A. I am just trying to think exactly how the conversation arose—yes, I suppose that must follow.

Q. And with whom was the conversation?—A. I have no recollection of that.

Q. And who else was down stairs in that room besides Mr. Fraser?—A. I understood Mr. Percy White, who was a clerk in his office, was down there.

Q. Who else?—A. I never heard any other name mentioned.

Q. Then about that time did you hear in the department that some papers were destroyed? That is, the rumour?—A. No, sir. The first I heard that was in the court, when the court was held in June.

Q. Did you ever discuss the question of the additions to the files with the acting deputy, Mr. Desbarats?—A. No, sir.

Q. Did you ever discuss it with anyone else?—A. I do not think so.

Q. That is as far as you can go?—A. Yes.

Q. Then it means that your memory is not now very accurate about that?—A. Well, it did not make a very great impression upon my mind.

By Hon. Mr. Cassels:

Q. Who would have the right to authorize the taking of the files down stairs by a suspended officer?—A. I did not know the question arose.

Q. I am asking now, supposing Mr. Fraser had to have these files to prepare his case for the defence, he having been suspended, who in the department would be the proper person to authorize the removal of the files to that room?—A. The only person, I should think, my lord, would be the deputy minister or the acting deputy.

ALFRED W. QWENS, sworn.

By Mr. Watson:

Q. What did you hear in the department, or know in the department about these books and files being in the room down stairs?—A. Never heard it till I heard it just now, it is the first time I ever heard it.

Q. You never heard of it before?—A. No, I had nothing to do with the files.

Q. Now, then, it has appeared from the evidence of Mr. Harding, of St. John, that he was from time to time sending you cheques?—A. Yes.

Q. Did you receive them?—A. I received them.

Q. Have you got a record of the amount?—A. Not at all.

Q. Did you keep any entry or record of the cheques that you received from him?—A. Not at all.

Q. At that time in what position was Mr. Harding?—A. He was the agent of the department.

Q. At St. John?—A. At St. John.

Q. He had ever lived at St. John?—A. Yes.

Q. Have you always resided at St. John?—A. Never.

Q. You had never resided at St. John?—A. No.

Q. You knew him only in his capacity as agent?—A. Only in his capacity as agent.

Q. As the official and agent of the department at St. John?—A. Yes, sir.

Q. And Mr. Harding was certifying to accounts?—A. Yes.

Q. From time to time?—A. Yes. He was the recognized—

Q. And Harding was writing from time to time, as I understand, to the deputy and to you to hurry up payments on account?—A. Never to me, only in one instance.

Q. What was that instance? What was that?—A. Vroom & Arnott for coal.

Q. He wrote to you to hurry up the payment of the account.—A. Yes.

Q. Do you recollect that he wrote you to hurry up the payment of accounts of McAvity?—A. Never did.

Q. Well, the McAvity company or firm were urging Mr. Harding to have payments expedited?—A. I never received any letter from Harding to expedite payment of McAvity's account.

Q. You used to see McAvity here?—A. I used to see him occasionally.

Q. You used to see Mrs. Vroom and Arnott?—A. I never saw either of them; did not know them at all.

Q. And Messrs. McAulay & Brown?—A. I do not know them at all.

Q. Did you know any one else there at all excepting McAvity?—A. That is all, only McAvity.

Q. You used to see him quite frequently.—A. Not very frequently. I do not think he was ever in my office.

Q. You met him outside?—A. Yes.

Q. And discussed business affairs with him sometimes?—A. I never did; never discussed business affairs with him in my life.

Q. Or about payment of accounts?—A. He never asked me.

Q. How did you happen to know him?—A. I have known him socially for years and dined at his house.

Q. That is when you were there on departmental business?—A. Yes.

Q. Along with Mr. Harding, I suppose?—A. No.

Q. Then can you tell me about how much you got from Mr. Harding in that way, because there are a good many cheques?—A. I have his affidavit here.

Q. We have had his evidence—A. I got his declaration before a notary.

Q. But we cannot use that. Do you know about how much you got from him altogether?—A. Would you say \$5,000?—A. Not to exceed \$125.

Q. But the cheques we put in—A. That is to pay for drafts he drew upon me, and I took up the drafts at the bank.

Q. Those cheques were sent for what?—A. To retire drafts he drew upon me.

Q. He put in drafts upon you?—A. Yes.

Q. How long was that going on? Two or three years?—A. Yes.

Q. Three or four years?—A. Yes.

Q. That system was going on for three or four years, that is that he was drawing upon you from time to time?—A. Yes, just accommodation.

Q. How many times did you draw upon him?—A. I never drew upon him at all.

Q. You did not return the compliment?—A. No.

Q. You got in addition to that \$125?—A. Not in addition, no.

Q. You spoke about \$125?—A. That was about accepting a draft.

Q. What draft?—A. Harding's drafts, at one time there was \$250; there was a few times \$250; it never exceeded that.

Q. A few times?—A. Yes, and it never exceeded that.

Q. You said it was all in respect of drafts except \$125?—A. No.

Q. What did you say about the \$125?—A. Most of the drafts were about \$125.

Q. You said those were drafts except \$125?—A. Oh, no.

Q. What about other cheques apart from drafts?—A. There was no other cheques apart from drafts that I know of.

Q. That you know of?—A. None other than I know of. He never sent me any cheques, only cheques to pay those drafts he drew; those are the only cheques which came to me from Harding.

Q. Whom did they come from?—A. From Harding.

Q. But the other cheques that you got that were not to pay drafts?—A. I got no other cheques.

Q. You say not from Harding?—A. I got no other cheques.

Q. You say not from Mr. Harding?—A. I got no other cheques.

Q. I understood you to say you did not get any other cheques from Harding?—A. I did not get any other cheques.

Q. That was going on for three or four years?—A. Yes.

Q. The largest was \$250?—A. Yes, if my memory serves me, I do not think it was more than that.

Q. What is that?—A. If my memory serves me, I do not think any of them exceeded \$250, and on very few occasions.

Q. Did you communicate that condition of affairs to the deputy?—A. It was a private matter.

Q. Did you tell the deputy about it?—A. No, it was just a personal matter; it was nothing to do with the department work. It had nothing at all to do with departmental work.

Q. You think that would not in any way possibly affect the relations between officials?—A. Oh, no, sir.

Q. Because the relation was purely an official one?—A. The relation was purely an official one.

Q. Did he know that you were not in a financial position to accept drafts, or did he not?—A. I do not know; I never asked him the question.

Q. Did you enter any of these in your bank account?—A. Never entered any of them, sometimes they would go in there.

- Q. How?—A. I think I always cashed the cheques and paid the drafts.
 Q. What?—A. I used to send a clerk over and cash the cheque and pay the draft.
 Q. Sometimes it would go in the bank account?—A. I do not think so.
 Q. Let us have your bank account?—A. I can show it to you.
 Q. You had a bank account at that time?—A. Yes.
 Q. During the whole period?—A. Yes. I always deposit my salary every month.
 Q. So that you had during that time a bank account?—A. Yes.

By Hon. Mr. Cassels:

Q. I understand these drafts that were put in were not coming at the same time?
 —A. No.

Q. One would be taken up, and later another draft drawn?—A. Yes.

Q. What was the largest amount ever drawn?—A. \$250, I think; I do not think it ever exceeded that.

By Mr. Watson:

Q. What, if anything, came to you as a benefit in regard to these matters?—A. Nothing—oh, yes, I was benefitted to an amount not exceeding \$125.

Q. You were benefitted?—A. Yes.

Q. You were benefitted to an amount not exceeding \$125?—A. Yes, which I paid.

Q. How do you mean you were benefitted to that extent?—A. I told him I was a little short of money, and I would like to have \$100, or something like that, and he made a draft on me for the amount and sent me the cheque.

Q. That is what I was asking you about before?—A. I did not understand the question.

Q. When did you get that \$125?—A. A couple of years ago, I suppose.

Q. How did you get that from him?—A. He made a draft on me.

Q. That is not the way you would get money, by him drawing on you?—A. He would send me a cheque for it.

Q. You put in a draft?—A. I never put in a draft in my life.

Q. How did you get the \$125?—A. I got it in the first instance.

By Hon. Mr. Cassels:

Q. He discounted the draft and put \$125 in his pocket?—A. He discounted the draft and sent me \$125.

By Mr. Watson:

Q. What was the date of that?—A. I cannot remember that.

Q. That was the origin of these relations?—A. Yes.

Q. That was the way the thing started in the first place?—A. Yes.

Q. It started in the first place in a benefit to you?—A. Yes, and then I gave it to him afterwards.

Hon. Mr. CASSELS.—This was a gift to him, and these were only temporary accommodations?

WITNESS.—It was not a gift to me.

Q. Just explain it?—A. No, beg pardon, I had to pay that draft afterwards myself.

By Mr. Watson:

Q. When did you pay that \$125?—A. I just paid \$52 two or three days ago.

Q. But it was four or five years ago you got the money?—A. Three years ago.

Q. And you made a payment on account a few days ago?—A. Yes, to clean it off.

Q. That was the first payment?—A. No.

Q. When was another payment?—A. I made a payment when I was down at the Island last summer.

Q. That was the first payment?—A. No.

Q. When was the first payment?—A. Sometime ago. I reduced it down then.

Q. And a few days ago you sent him the balance?—A. The draft was here in Ottawa.

Q. And that would appear in your bank book?—A. No.

Q. Where would the payment of that appear?—A. I paid it myself.

Q. Where would it appear?—A. It would not appear anywhere. I paid the draft and returned it.

Q. Paid the draft and returned the draft back?—A. Yes.

Q. I should think you would get the draft when you paid it?—A. I always returned those drafts.

Q. But you would not return a draft when you paid it. It belonged to you; did you keep it?—A. No, I never kept anything.

Q. You paid it a few days ago?—A. Yes.

Q. What bank did you pay it at?—A. It was the Bank of Nova Scotia.

Q. You paid it a few days ago?—A. Yes.

Q. In cash?—A. Yes.

Q. How much was it?—A. \$52, I think.

Q. They had the draft there?—A. Yes.

Q. Did you take the draft from the bank?—A. No, they returned the draft.

Q. The bank never returns a draft after it is paid?—A. I told them to return it. They returned the draft unpaid, and I sent the money to Harding.

Q. I thought you paid the money at the bank?—A. I was kept up there so long, and I telephoned down to do that.

Q. So that you returned the draft unpaid and when did you send the money?—A. Here a couple of days ago.

Q. Yesterday?—A. I think it was on Saturday.

Q. Did you write him a letter?—A. I wrote him a letter.

Q. Have you a copy of it?—A. No.

Q. What did you say in the letter?—A. I told him the reason why I did not look after his draft for him on the day it was due I was up here so much of my time that I telephoned to let the draft go back.

Q. And what else?—A. That is all.

Q. How did you send the money?—A. Sent it by cheque.

Q. Your own cheque?—A. Yes.

Q. Let us have the cheque, please?—A. I have not it here.

Q. Will you kindly get it?—A. I will. I will give you the cheque.

Q. That, you say, is the condition of affairs between you and him?—A. Yes.

Q. With what other officials did the same relations in business exist?—A. None others.

Q. Did you not from someone else receive a cheque?—A. I got \$100 from Gregory, I think, about eight or ten years ago.

Q. From whom else?—A. Nobody else.

Q. Just try and think?—A. Nobody else.

Q. What about the Halifax agency?—A. Never a cent.

Q. What about the merchants?—A. What merchants?

Q. The people who were selling the goods to the department?—A. No transactions with them.

Q. How did you happen to get the money from Mr. Gregory?—A. I think he was here at the time.

Q. And he gave you the money?—A. Yes.

Q. Did he give you the cash?—A. He gave me the money in cash.

Q. \$125?—A. I do not think it exceeded that.

Q. It may have been a couple of hundred?—A. No, never.

Q. And that was just a gift?—A. It was not a gift; it was a loan.

- Q Did you ever repay it?—A. I have just told you I just paid the whole thing off.
- Q. When?—A. Here the other day.
- Q. I am speaking of Gregory?—A. I paid that long ago with interest.
- Q. When did you pay that?—A. A couple of years ago.
- Q. You got it eight or nine years ago?—A. I got it the time my son came back from South Africa.
- Q. Did you repay the whole amount?—A. The whole amount.
- Q. A couple of years ago?—A. Yes.
- Q. Are you sure?—A. I do not know exactly the date.
- Q. Was that not within the last few weeks?—A. Oh, I paid it——
- Q. The last few weeks?—A. The last two years.
- Q. Was it not within the last few weeks?—A. No.
- Q. Did you make any payment to him within the last few weeks?—A. No, sir.
- Q. I have just 17 cheques here by Mr. Harding to you?—A. Yes.
- Q. This is not all of them, as I understood from the evidence at St. John?—
- A. I did not keep any account of them.
- Q. These are cheques made payable to your order?—A. Yes.
- Q. Who is Mr Kelly? What did you mean by your share of the money that you paid back?—A. Well, any amount exceeding \$125 belonged to Harding himself.
- Q. Is that what you mean by paying back your share?—A. Yes.
- Q. Who is Mr. Kelly?—A. He is one of the clerks in my branch.
- Q. M. D. Kelly?—A. Yes.
- Q. What had he to do with it?—A. I sent him over for the money I suppose.
- Q. Well, do you remember?—A. I must have, when his name is on the back of the cheque.
- Q. How do you know his name is there?—A. You are just reading it there.
- Q. How do you know that?—A. Well, you just mentioned the name M. D. Kelly from the cheque.
- Q Do you remember Mr. Kelly ever signing a cheque?—A. I do not know; he might have signed it when he went over to the bank.
- Q. Don't they need your signature to the cheque?—A. I suppose they do; he got the money.
- Q. What did he do when he got the money?—A. He gave it to me.
- Q. Do you remember anything about it?—A. Certainly I do.
- Q. Did he get some of it?—A. No.
- Q. He had nothing to do with it?—A. No.
- Q. I see there is your name on the back of it?—A. Yes.
- Q. It is the same bank?—A. Yes.
- Q. That is the way Mr. Kelly's name got on it?—A. Yes.
- Q. Is that what you mean?—A. Yes.
- Q. Then it was a case of mutual compliment?—A. Yes, that is it.
- Q. Between you and Harding?—A. That is just exactly what it is—nothing at all to do with departmental matters.
- Q. These mutual compliments in financial matters, you say, could not possibly affect your official relations or duties?—A. Not at all.
- Q. Is that what you say?—A. I say that, yes.
- Q. Try and think of any one else besides Mr. Gregory?—A. Not a soul.
- Q. What about Davey & Son?—A. I never saw Davey until last February up in the House of Commons.
- Q. Until when?—A. Last February up in the House of Commons or in number 16 room.
- Q. You used to see Mr. Holliday quite often?—A. Yes, he used to be here quite often.
- Q. And you were with him a good deal?—A. Yes.
- Q. When he was here in the city?—A. Yes.

Q. Used to be with Holliday a good deal?—A. Yes.

Q. And used to be with the different men who had claims against the department?—A. Mention one.

Q. What were you doing with Mr. Holliday?—A. I do not know as I was doing anything with him particular.

Q. How would you happen to be with him about town?—A. I used to meet him as I would meet anybody else.

By Hon. Mr. Cassels:

Q. Did not Mr. Holliday assist you in regard to some Cobalt speculation?—
—A. No, sir.

Q. You say not?—A. No.

By Mr. Watson:

Q. Well, who did? What people dealing with the department or officials did it?
—A. No officials at all; I went into some Cobalt stock——

Q. I do not want your business outside with other people. I am asking you about the officials or people dealing with the department?—A. I had nothing at all to do with it.

Q. Mr. Holliday has stated—A. That he gave me money.

Q. That he helped you out in regard to some Cobalt matters?—A. No.

Hon. Mr. CASSELS.—I do not think he swore to that. At any rate, it is not so.

WITNESS.—No.

By Mr. Watson:

Q. Information is given to us that Holliday assisted you in Cobalt investments?
—A. No, he did not.

Q. He did not assist you?—A. No, I never asked him.

Q. But you unfortunately, or fortunately, got into Cobalt?—A. Well, I do not know whether——

Q. I do not want to follow it up beyond that. Then what had you to do with Ketchum & Company?—A. I had something to do with Ketchum & Company in connection with Cobalt.

Q. But I asked you as to people who were dealing with the department?—A. I do not call him dealing with the department.

Q. We had considerable accounts with Ketchum & Company?—A. How much do they all amount to?

Q. Do you want me to tell you?—A. I do not think they would amount to a very large sum of money.

Q. At all events, you are dealing with them?—A. Yes, before we ever bought any stuff from him.

Q. At all events, you got favors from him?—A. I never got any favors.

Q. He was interested with you?—A. Yes.

Q. You did not come out of that with any advantage from Ketchum?—A. No, sir.

Q. Why did you permit pre-payment or advances on account to Willson, on account of his buoys?—A. I was directed to give an advance.

Q. What?—A. I was directed to give advances.

Q. Directed to give advances?—A. Yes.

Q. Did you object to it?—A. No.

Q. Did Mr. Fraser give you that direction?—A. No, it came direct from the minister.

Q. To give the advances?—A. Yes.

Q. From anyone else?—A. No.

Q. You do not know what led up to that?—A. No.

Q. You do not know whether an Order in Council had been passed then?—A. I never asked any question.

Q. You do not know how that was?—A. No.

Q. Did you ever make any protest against that in writing?—A. In that particular case I do not think I did.

Q. Eh?—A. I do not think I did, in that particular case.

Q. What did you protest against?—A. Oh, several cases.

Q. What do you remember?—A. I protested against accounts against Halifax and Quebec.

Q. What account?—A. I think there was one from Silver & Company for carpets; I made a strong protest against it, and I made a strong protest about the payment to a man for superintending his own job.

Q. Who was that?—A. I forget his name now. I think it was in connection with some electrical work on board the steamer, and he was superintending and charged \$4 a day, and I would not pay the bill.

Q. Was it ever paid?—A. Not unless it was paid since I left the office.

Q. You stood out?—A. Yes.

Q. What was that man's name?— Was it Kerwin or Kelwin?—A. I forget the name.

Q. What else did you object to?—A. I objected to accounts frequently, the whole time. I always objected—

Q. Did you know anything about prices?—A. Well, we had a list of prices there.

Q. The evidence has been given in many places showing that excessive prices were being charged?—A. Yes.

Q. Why did you not cut them down?—A. Well, it was not my position to cut them down.

Q. Whose position was it?—A. We were making objections to it, and asked the reasons why those charges were made, and wrote an official letter; all those letters were written by my objecting.

Q. Why was it, if you had a list of prices in your office, that you allowed accounts to go through at excessive prices?—A. Well, they would be wholesale prices?—A. Well, they would be wholesale prices; that is the market rate.

Q. But the larger proportion of the prices were not wholesale prices, but were in excess of retail prices?—A. Well, I know very well—

Q. How does it come you allowed those to pass?—A. We took exception to them and asked why they charged those prices, and they would say they were the best they could do in the market.

Q. But you knew it was not so?—A. In some cases I thought they were excessive.

Q. And yet you paid them?—A. They were kept in the office for a long time before being paid, before we got a proper explanation.

Q. But you paid them?—A. They were eventually paid, I believe.

Q. They were excessive to your knowledge?—A. Excessive to my knowledge.

Q. In all those cases you had stamped the account to certify to it before the cheque went out?—A. No, the account came to me all properly certified before the cheque was made out.

Q. But it is a part of the system that you should approve of the accounts before the cheques issued; is it not so?—A. Yes, it is so.

Q. Then you approved of accounts that you knew to be excessive?—A. No, I do not say that.

Q. You issued the cheques?—A. I issued the cheques.

D. That is the best practical way of approving of it, I should think.

Hon. Mr. CASSELS.—At the last examination a batch of correspondence was produced. Here it is in the evidence. I just noticed that going through.

By Mr. Watson:

Q. Have you got that correspondence?—A. Which correspondence do you allude to?

Q. Correspondence with outside agents with regard to their accounts?—A. It goes on the file.

Q. Have you any record of it?—A. The copy of a letter would be on the file, and the original——

Q. Have you any record of it?—A. No.

Q. That is a matter for the official in charge of the record?—A. Yes.

Q. Did you make any memorandum at the time?—A. Lots of them; they are all on the file.

Q. Did you keep any copy?—A. No. I let them all go on the file.

Q. You know of the room downstairs where Fraser had the papers?—A. I did not know that room at all. I heard Mr. Fysh was sent down there, that is all.

Q. But after Fraser was suspended you knew he had papers down there?—A. I was suspended before he was and I never went back to the office.

Q. You treat that as a pretty good joke; that is all right—I do not mean your suspension was all right—A. I think it was a mistake.

Q. At all events, being suspended, you used to go back from time to time?—A. I have not been at the office since this court sat here in June.

Q. But before that?—A. I went back for my own correspondence.

Q. But did you not hear in the office about what was going on in the storeroom?—A. I did not hear, sir.

Q. Did you hear the rumours that have been referred to?—A. Only during the evidence.

Q. Not before?—A. No.

Q. You were not spoken to about it?—A. No.

Q. Did Fraser get any papers or files from your department?—A. Not from me.

Q. Or any records from you?—A. No.

Q. Did he come to you for any information?—A. Never; he did not come to me for any information. And files I would have would go right back to the record when I was through.

Q. Will you be kind enough to bring up that cheque-book and account?—A. Yes, I will, with pleasure.

Q. Do you know Mr. Fosby?—A. Yes, he is connected with our department.

Q. What does this cheque of Mr. Harding's to Mr. Fosby mean, July 16th, 1906, of \$50? Have you any knowledge of that?—A. I have no knowledge of it; I never saw it before.

Q. Have you any knowledge of that at all?—A. No.

Q. Was that a matter of mutual benefit with other officials?—A. I never heard of it.

Q. But he was in your branch?—A. No, sir, Fosby?

Q. Yes?—A. No, he was in the engineering branch.

GEORGE J. DESBARATS, SWORN.

By Mr. Watson:

Q. When did you become connected with the department?—A. The Department of Marine and Fisheries?

Q. Yes?—A. When the department took over the St. Lawrence ship canal from the Department of Public Works.

Q. That was when?—A. 1904.

Q. Were you in that department before that time?—A. I was in the Department of Public Works.

Q. So then you had a transfer?—A. My branch was transferred.

Q. The whole branch was taken over?—A. Yes

Q. That was what branch?—A. The St. Lawrence ship canal.

Q. From the Public Works to the Marine and Fisheries?—A. Yes.

Q. When did you become acting deputy minister?—A. In the first days of April of this year.

Q. First day of April?—A. No, the first days; I think it was about the 3rd.

Q. Before that, what was your position?—A. I was the director of the Sorel shipyard.

Q. In the Public Works Department?—A. Well, in the Marine and Fisheries, and before that in the Public Works.

Q. Evidence was given at Halifax by Mr. Parsons that you gave him a direction in October of this year that he should take on in service at the dockyard about 100 additional employees—between 80 and 100; do you recollect that fact?—A. I recollect giving directions to Mr. Parsons to have certain work executed at the dock yard, and to do that work he must have taken on a certain number of men.

Q. Is that all you have to say about it? Make your statement full, if you please?—A. Well, I was down in Halifax; I had never been down in Halifax, and, as acting deputy, I had a great deal to do with the work going on at Halifax, and I was anxious to know the conditions there. I had the chance to leave the office and I went down and went through the agencies in the Maritime Provinces. I went to St. John and Charlottetown—

Q. Just keep to Halifax, and keep to the one subject?—A. You wish to know the conditions under which I gave instructions to Parsons.

Q. I wish to know why you gave instructions that at that time about 100 additional men should be taken on in the service in the dock yard department?—A. I gave instructions to Parsons to take on the number of men necessary to do the work I authorized.

Q. Did you know how many that involved?—A. I should imagine it would take about 100 men at that time.

Q. Parsons has stated quite openly that those were taken on because it was election time, elections were pending; about that, to that effect?

Hon. Mr. CASSELS.—No. Tremain made that statement. Parsons said he would he would not have taken those extra men on had he not been instructed to do by Desbarats.

Mr. WATSON.—Parsons stated that sort of thing occurred about election time.

Q. You are a gentleman of large departmental experience and otherwise; we would assume you knew of the conditions; you certainly knew that elections were pending?—A. Yes, sir.

Q. It was stated there, at all events by Tremain that this additional employment was in connection with the pending election?—A. No, that is not the case.

Q. Was anything said about that at the time?—A. Do you mean that I had any conversation about elections; oh, I daresay I had.

Q. But in connection with the employment?—A. No.

Q. Did you have that in mind at the time?—A. No.

Q. What?—A. No.

Q. Did not have in mind at the time in connection with your direction to engage these further men that elections were then pending?—A. No. That was not the object of my instructions at all.

Q. Were you not spoken to on that subject by the candidates of the party at that time?—A. I was.

Q. About the employment of additional men?—A. I was.

Q. And the employment arose from that?—A. No.

By Hon. Mr. Cassels:

Q. By what candidates?—A. Roche and Carney.

By Mr. Watson:

Q. Was that the way it was introduced to you?—A. I do not quite understand.

Q. Was the subject introduced by them?—A. Yes. When I saw them they said they would like to have men employed when I could do so.

Q. It is very easy to put one and one together, and two and two together and reason in the ordinary way; it was the result of that that the employment was made?—A. No, it was as the result of my inspection.

Q. Was it independent of their request?—A. Independent of their request.

Q. Do you say that?—A. Yes.

Q. Wholly independent of their request?—A. Yes.

Q. And that apart altogether from their request and the circumstances of an election pending, the same thing would have occurred?—A. Yes.

Q. Do you say that?—A. Yes.

Q. Mr. Tremain was of a different view, and Mr. Parsons was of a different view?—A. Well, any man who went and inspected that yard and saw the condition in which it was, would certainly think that work was very much needed.

Q. The evidence was the yard was very dirty?

By Hon. Mr. Cassels:

Q. What was the work?—A. One of the pieces of work was the renovation of the system of waterworks. The water was in a dreadful condition. We had complaints from inspectors that the boilers were being rotted out on account of bad water being supplied to them. I gave instructions to Parsons and the engineer in charge to examine the waterworks and see how they were; and they did so, and it was ascertained the pipes were falling to pieces, and they have been renewed; and the torpedo boat shed roof was in bad shape, leaking badly, and the boats inside were being damaged, and I gave instructions to have the roof resingled; and the place was in bad shape otherwise, and I gave instructions to have all these things remedied. I considered it would take about 100 men to do the work.

Q. Do you know how many they had on?—A. I do not know. They had a small number.

Hon. Mr. CASSELS.—I think it was stated they had 80.

Mr. WATSON.—They had more than that, they had between one and two hundred.

WITNESS.—That was not my instruction.

By Hon. Mr. Cassels:

Q. Do you know the size of the dockyard?—A. It is quite a large place.

Q. Do you know if the men were taken on recommended by the two sitting members?—A. I do not know.

By Mr. Watson:

Q. At any rate, the matter arose upon the suggestion of the members, who were then candidates?—A. They stated they would be glad if I could employ men at the dock.

Q. For what reason?—A. I presume it would help them in their election.

Q. And that was made to you in your capacity as acting deputy minister?—A. Yes.

Q. Did you give them any evidence of any resentment on your part as an official?—A. No.

Q. Acting deputy?—A. No. I said I would look into the work to be required, and if any work was required I would authorize it.

Q. And that was done for the purpose of assisting the candidates?—A. No, it was done solely for the purpose of remedying the dockyard.

Hon. Mr. CASSELS.—And incidentally assisting the candidates?—A. No.

Q. Would it not have been wiser to wait till the spring or another month?—A. No, the bad weather would have come on, and it would not have been advisable to wait till then.

By Mr. Watson:

Q. Mr. Tremain stated in his opinion it was not necessary that the further employment should be made?—A. I had no conversation with him on the subject at all.

Q. How do you account for the evidence being given that in the opinion of the official who was practically the official in charge it was not necessary that further help should be engaged?—A. I think he was mistaken.

Q. Who should know the better or the best?—A. Well, I know he was mistaken. I know the work was required.

By Hon. Mr. Cassels:

Q. Are you aware that on the eve of every election, take four years back, that the same necessity for cleaning up occurred, and men were taken on?—A. No, I do not know that, your honour.

By Mr. Watson:

Q. You have been in the service a long time. The evidence his lordship refers to was given, and that evidence was as to elections during the last 25 years, that that had been the course pursued for 25 years past, that additional men were taken on at election times?—A. It is very possible.

Q. Of course that is purely for election purposes, you will recognize that?—A. No, work may be quite necessary.

Q. We are up against very plain political propositions. You recognized the condition of affairs, did you not?—A. No, this was my first visit to Halifax.

By Hon. Mr. Cassels:

Q. How many trees did you see that required pruning?—A. Oh, I do not know; there was a number of trees. I did not pay any attention.

Q. Would it take three men a month to do it?—A. I do not know. That seemed to be the point Parsons was interested in. It did not interest me particularly.

(Adjourned till 2.15 p.m.)

The Commission resumed at 2.15 p.m.

JOHN BAIN, recalled.

By Mr. Watson:

Q. You have prepared the statements which you have handed to his lordship?—A. Yes.

GEORGE J. DESBARATS.—Examination continued.

By Mr. Watson:

Q. You were at Sorel in 1906?—A. Yes.

Q. In what capacity?—A. In charge of the shipyard.

Q. I find a letter at page 1612 of the evidence given here, directed by W. P. Anderson to the department stating as follows:—

'I have the honour to report that in accordance with your instructions, I proceeded to Sorel and secured the red scow owned by the department there. She will carry 60 tons, leaving a free board of six inches. I cannot find that she has ever been used for carrying stone. I got from Charland a statement of all the broken stone delivered since the 12th August, copied from his passbook, of which I enclose a copy marked A.

'I am afraid there have been irregularities in the carrying out of the contract for broken stone. Mr. Arnold told me that Mr. Beauchemin was allowed 20 cents a ton for loading the stone, and that, instead of billing for it direct, it was allowed him by certificates, each loaded at 20 tons more than the quantity actually delivered.

'Further, I found that the broken stone was not properly broken, there being on one hand a great deal of dirt that should have been screened out, and on the other, stone that would not pass through a five inch ring, whereas it ought to pass through a two and a half inch ring at largest.

'The smaller crusher is so worn that it will not break stone properly, and I was given to understand that it would be useless to vote against Mr. Beauchemin, because he had so much pull that anyone that resisted him would suffer.'

Q. As you were in charge of that office at that time, what have you to say to that?—A. I was not in charge of that.

Q. 1906?—A. That does not come under the shipyard.

Q. Were you not in charge of everything there?—A. I was in charge of the shipyard.

Q. Does this not relate to the shipyard?—A. No.

Q. What does it relate to?—A. It relates to the construction of some lighthouse piers in Lake St. Peter.

Q. Who is in charge of this?—A. Colonel Anderson.

Q. Not you?—A. No.

Q. Have you ever heard of that before?—A. Well, I have read that.

Q. So that you have no responsibility in connection with that?—A. None whatever.

Q. Do you know something about a coal purchase that was made there? Did you have anything to do with that?—A. Perhaps so; we bought coal for the shipyard.

Q. And what about coal that was purchased, excessive prices paid, coal not required?—A. No.

Q. Do you know anything about it?—A. Whatever was bought for the shipyard was bought as a rule by public tender. Every year the tenders were called for in the public press, and the contract was given.

Q. What else about it? Did you hear complaints there in regard to coal not being delivered and coal purchases made which were not authorized?—A. Oh, no. I do not know what you are alluding to, but the large purchase of coal for the Sorel shipyard was made by public tender and was delivered directly from the mines.

Q. Delivered directly from the mines?—A. Yes.

Q. Do you recollect something about the purchases of oil for the *Shamrock*?—A. No, the *Shamrock* was not under my direction.

Q. Not under your direction at all?—A. No.

Q. You had nothing to do with it?—A. No.

Q. That was a matter for Mr. Boucher?—A. Yes.

Q. Entirely with him?—A. The only thing was that they frequently made requisitions on the shipyard for materials which they required, and they were then furnished from the store of the shipyard.

Q. Do you know of excessive quantities being ordered, more than they knew what to do with?—A. From the shipyard stores?

Q. Yes.—A. No, I do not think so.

Q. 302 gallons of oil being ordered for the *Shamrock* for itself; do you know anything about that?—A. You are alluding to an order from some firm?

Q. Yes?—A. Oh, no; we never ordered from a firm for the *Shamrock*; we ordered in a general way from our stores.

Q. Have you any knowledge of the order 302 gallons?—A. No.

Q. None at all?—A. No, they would not come under my notice.

Q. The fact is, as shown in evidence, that the agent at Montreal received moneys from the department for different purposes and mixed them up with his own moneys; continuously there was that system. Were you aware of that fact?—A. No, I have no knowledge of it. The agent at Montreal was not under my directions.

Q. Had you any knowledge of that? You were just near by Montreal?—A. Just fifty miles.

Q. Had you any knowledge of that condition of affairs?—A. No.

Q. Does that condition of affairs exist to-day?—A. No.

Q. Under the present system?—A. The system has been changed. We are paying by individual cheques now through the officers, and the men themselves are being paid under a different system. We have a paymaster. When a pay-list is sent in the amount of that pay-list is sent to the paymaster, and he goes out and pays the men.

Q. The paymaster does?—A. Yes.

Q. But with a cheque issuing to the agent, the agent may endorse the cheque and deposit to his own credit?—A. No.

Q. Why not?—A. The cheque is issued jointly to the director of the Sorel shipyard and the officers in charge of these works at Sorel, and the payment is made by the paymaster of the shipyard; any money which is sent to the Sorel shipyard is put into a special account in the bank.

Q. That applies there, but what about the payments to other agents; they may do so; that is, Quebec, St. John and Halifax?—A. The advances are so small now that they could not be used for any purpose.

Q. That is what you say?—A. Yes.

Q. The advances are so small?—A. Yes. Besides I understand that at all these agencies there is a special government account now.

Q. About Mr. Spain, have you made an investigation with regard to the expenditures by Mr. Spain?—A. You mean since I have been in office here or previous?

Q. Well, did you do so before?—A. No, I did nothing.

Q. Since you have been in the office of acting deputy?—A. No, I did not make any investigation myself. I have had the papers prepared for the use of the commission.

Q. Those are the papers we have had?—A. Yes.

Q. Have you made any investigation as to the regularity or irregularity or not?—A. No, I made no personal investigation.

By Hon. Mr. Cassels:

Q. In regard to the system at Sorel, as I understand it, this coal was purchased in the open market by tender?—A. Yes.

Q. But if I am correct in my recollection, it is now brought down by special steamer to Sorel?—A. That has always been the case.

Q. It is not a change?—A. No, as long as I have been there. The contract is so large, it takes a steamer nearly all summer.

Q. I thought there was a change in the system of bringing down the coal?—A. Oh, we did not bring it down; it is delivered at Sorel by the lines.

C. H. CARTER recalled.

By Mr. Watson:

Q. Did you find that supplementary cash-book?—A. It has been found.

Q. Where?—A. In Quebec.

Q. Has it reached here yet?—A. No, it was too late. They did not find it till last night.

Q. Have you got any information as to its contents?—A. I telephoned this morning, and there is nothing in it except the one cheque of Holliday Brothers, which we find in the ledger as well.

Q. That is what date?—A. The 17th June.

Q. That one cheque of \$1,000 has been found in the supplementary cash-book?—A. Yes.

Q. What about the other two cheques of the 19th, have they been found so far: that is according to your information?—A. No, there were two cheques on the 17th apparently from the books of the other banks. One was Holliday Brothers, the other they have found no trace of yet. I asked them to look in some other books that might appear.

Q. They found the cheque of Holliday Brothers; that is the payment of one cheque charged to the account of Holliday Brothers on the 17th June, for \$1,000?—A. Yes.

Q. And the other two have not been traced?—A. No.

Q. The book will be forwarded?—A. If you wish it forwarded.

Q. Because otherwise your information is just hearsay?—A. Yes.

By Hon. Mr. Cassels:

Q. You know what the point is—A. Yes, your lordship.

Q. I suppose that cheque of Holliday Brothers would have gone back to Mr. Holliday?—A. I presume so. At the end of every month they get their cheques.

Mr. WATSON.—I stated to your lordship the other day the result of our investigations, the direct communications by my learned friend, Mr. Perron, with the representatives of the other banks. That applied to all of them, except the Molson's Bank, and the Molson's Bank have now reported the same thing. There is no entry at all. They have gone through it very carefully, so that it leaves nothing that can be done, except to get supplementary cash-book.

Hon. Mr. CASSELS.—The only good proof of the Holliday cheque is with regard to the \$1,000.

Mr. WATSON.—Yes, that is the one.

Q. You said to me the other day that when a cheque was cashed on another bank that the regular course was to forward on the cheque the following day to the bank?—A. Yes.

Q. That is the regular course?—A. Yes.

Q. Is it possible, notwithstanding that regular course, that a cheque might be held for ten days or so, for clearing house purposes, and not, in the meantime, sent to the other bank at all?—A. It might be done.

Q. Have you ever known anything of that kind in your practice?—A. No, I cannot recollect an instance.

THOMAS McCONKEY, Sworn:

By Mr. Watson:

Q. I understand that you have personally requested that you should be heard: is that so?—A. Yes.

Q. So that your attendance is at your own personal request: is that right?—A. That is right, sir.

Q. Are you aware of the evidence given by Mr. Davey at Quebec?—A. Not any more than I seen in the papers.

Q. That evidence was to the effect that Mr. Davey had paid you certain sums of money?—A. Mr. Davey paid me \$200.

Q. What was the date that he paid you that?—A. The date was in December, 1907, as near as I can remember.

Q. Remember?—A. I think it was December.

Q. Where was he when he paid you the money? Where were you?—A. At Lévis.

Q. At the time a contract was running with the department?—A. A contract.

Q. Contracts between Davey & Son and the department?—A. There was work for the department: I did not know about a contract.

Q. And you were supervising the contract on the part of the department at that time?—A. Yes, on the Hull work.

Q. And you were certifying as to that?—A. Yes.

Q. To the department?—A. Yes.

Q. And at that time you received \$200?—A. Yes.

Q. And on another occasion did you receive some money?—A. No.

Q. Not on any other occasion?—A. Not on any other occasion, not from Davey or any other man.

Q. How was the money paid to you? In cash?—A. It was enclosed in an envelope.

Q. Where were you when you got the envelope?—A. I was on my way to the train returning to Halifax.

Q. You were on the way to the train?—A. Yes.

Q. Returning to Halifax?—A. Yes.

Q. Was it cash?—A. It was bills.

Q. What denomination?—A. I could not tell you. It is twelve months ago, and I could not tell you. As a matter of fact I did not open the envelope till I was on the train.

Q. You kept the money, I suppose, and used it?—A. Yes.

Q. That you think was in December, 1907?—A. It was in December, 1907, as close as I can remember.

Q. Is that the month?—A. That is the month.

Q. Was it not in September?—A. No, sir.

Q. The date is given me just now—I have not refreshed my recollection—was the 10th September?—A. My recollection is it was in December. I am in Quebec probably—

Hon. Mr. CASSELS.—I think Davey gave it 10th September.

WITNESS.—I am in Quebec perhaps a dozen times in the year, and I have not kept any record of it.

By Mr. Watson:

Q. Then it might be September and not December?—A. I could not tell you whether I was in Quebec in September, unless I referred to the departmental files.

Q. As a matter of recollection, you could not be sure of the month?—A. No, but it was last year and the fall of last year.

Q. If you cannot be sure about the time, perhaps you cannot be sure of the circumstance?—A. I can be sure of the amount: it was \$200.

Q. And that money you kept?—A. Yes, certainly.

Q. You have never returned it?—A. No, sir, because it was for work entirely outside of the department.

Q. How did that come about?—A. On surveys of ships.

Q. Surveys of what ships?—A. The two principal ships, or at least one ship on two different occasions.

Q. What ship?—A. *Quebec*, belonging to the Richelieu and Ontario Navigation Company.

Q. When did you perform the services?—A. I performed the services principally in Davey's drawing office at Lévis.

Q. Was that at the time when you were superintending the work for the department?—A. That was at night time.

Q. It was during the same time?—A. Yes.

Q. During the same time you were superintending the work for the department?
—A. Yes.

Q. You did what for him?—A. The work at that time—I sent a statement to the deputy minister—

Q. Never mind about that statement; tell me what you did?—A. The work was cutting the vessel in two, pulling her apart, and putting in a centre piece. The ship was brought down from Sorel, I believe, and placed in the dock.

Q. Did you do all that?—A. No, I did not do it. Before the ship got there at all the drawings were under consideration, and the matter at stake was the best ways and means of building the new centre body in the ship and strengthening it.

Q. What did you do? Just give him advice?—A. I was called in, in consultation with the foreman.

Q. And you consulted with the foreman and Davey?—A. Yes.

Q. And this was given to you for advice?—A. Yes. The same ship the following year was placed in the dock and was in the dock the whole winter. There are four ships mentioned in connection with that.

Q. This \$200 was given to you for your consultation and advice with their foreman?—A. Yes, George D. Davey was the man that—

Q. You consulted with Mr. George D. Davy and advised him, and for that consultation and advice they paid you the sum of \$200?—A. Not for that consultation and advice. There are three other very important ones, and there are several minor ones in the same time, and as a matter of fact there are two since.

Q. Have you been paid for the two since?—A. No.

Q. Why not?—A. I never made an agreement for any compensation. If he paid me, what he considered the services were worth.

Q. Do I understand you immediately sent a statement of that to the deputy minister?—A. No, sir, not until after I had spoken to you in Halifax.

Q. You did not speak to me in Halifax?—A. I beg pardon. I placed the original copies of these letters in your hand and asked you to read them, and the particular letter you read just at the close of the Halifax session, and it refers to Davey's recommendation to me, wherein he admits having called me on several occasions in reference to ship affairs.

Q. I did not recollect you spoke to me at Halifax at all?—A. Do you recollect telling me to explain to the deputy minister?

Q. I am not saying you did not at all. Then I want to know whether, at the time you got the money, you made any report of it?—A. Oh, not at all. I had no idea I was doing anything wrong.

Q. In that way you might get, from consultations, \$1,000 from the people whose work you were inspecting?—A. Oh, no.

Q. Why not?—A. Because I never allowed any outside work to interfere with my duties for the department.

Q. You might be in continuous consultation with the people whose work you were superintending on behalf of the department?—A. I do not think that is possible.

Q. You have \$200 on that occasion; then the following month, if there were further occasions of consultation and advice, you should be paid for those in the same way?—A. Providing I would consent to serve. The amount of compensation will depend entirely on the value of the work in hand.

Q. But I am saying that in that way, by consultations, you might easily double your salary out of the men who were furnishing work and material for the department; is that not so?—A. I do not think it is so.

Q. You do not think you could get that?—A. I do not think the firms doing business for the department would have an opportunity of any such work that would enable me to make \$1,000 a year.

Q. You did not think you would get the chance?—A. No, I do not think they would have the work. Davey's is a very large firm.

Q. And that is the statement you have to make?—A. Yes. I would respectfully beg to again call attention to Davey's letter, it is dated in July.

Q. Davey's evidence has been given?—A. Yes.

Q. Is there a letter written by Davey at the time the transaction took place?—A. No. Would you allow me to make an explanation?

Q. Certainly?—A. I was recommended by the agent at Halifax to a certain firm in New York to represent them at Halifax as their agent; that is the American Bureau of Shipping, and the whole correspondence is there.

Q. We do not want that.—A. And when I wrote them I gave Davey as a reference, Samuel Breckfield in Halifax and Macpherson. The letter from Davey was procured in conjunction with that.

Q. That is just a certificate of character?—A. No. In that he admits he has called me on several occasions on repairs to ships, and found my services worth the money, or something like that.

Q. That is all right; there is no question about your capacity. I presume?—A. Well, I have been 35 years in the business.

By Hon. Mr. Cassels:

Q. This work you did for Davey was after hour work?—A. Yes, on one occasion George Davey came and took me to the work in a boat.

Q. It was after hours?—A. Yes, and on Sunday.

Q. What are the usual hours. Have you any regular hours?—A. The usual hours for me since I have been in the department is Sunday and every other day till ten o'clock.

Q. What are the hours?—A. The office hours, nine o'clock in the morning till five o'clock in the afternoon.

Q. This work was done after hours?—A. Yes.

By Mr. Watson:

Q. Was not some of this work done in the day time?—A. Yes, but on Sunday.

Q. Did not some of it occur during the week days?—A. It is quite possible Davey may have spoken to me about work to and fro, but the actual work was done after hours.

Q. Have you received any other sums of money?—A. No.

Q. None at all?—A. No.

Q. That you pledge your oath to?—A. Yes.

Q. Mr. Schmidt has been as long as you in this service; you have worked with Mr. Schmidt a great deal?—A. There is a line of demarcation. I am responsible for the hull and equipment; he has the engines and boilers.

Q. Mr. Schmidt says there was a recognized system of receiving gratuities from the people with whom the department was transacting business, with whom the employees might be transacting business. Do you know of that system?—A. I have not got into that system. I do not know of any such system.

ALBERT BEAUCHEMIN, Sworn:

By Mr. Watson:

Q. You were examined before, were you not?—A. Yes.

Q. Whereabouts?—A. I want to be examined by Mr. Perron. I do not talk English enough.

Q. You do not want to be examined by me?—A. No.

By Mr. Perron:

Q. Why do you want to be examined by me?—A. I do not talk English enough. I am a French Canadian and want to be examined in French.

Q. We have no French reporter?

Hon. Mr. CASSELS.—Supposing you are to speak, and when you feel you cannot speak English, speak in French. We would have to get a French reporter, however. When a witness cannot speak English, it is hard he should not be allowed to speak in his own language. If Mr. Beauchemin is willing to give it in English, and finds he cannot express himself he can put it in French: will that do?—A. I cannot talk enough English.

Q. Are you the gentleman that sold the launch?—A. No.

By Mr. Watson:

Q. You do not want to give your evidence in English?—A. I will try.

Q. What you intended to say, as I understand you, that you desired to give your evidence in your own language, the French language, therefore you wish to be examined by Mr. Perron?—A. Yes.

Q. Because he could examine you in French?—A. Yes.

Hon. Mr. CASSELS.—Has he been subpoenaed?

Mr. PERRON.—No.

Hon. Mr. CASSELS.—He is coming here to volunteer something?

Mr. PERRON.—Yes.

Hon. Mr. CASSELS.—If you cannot do it in English, speak French and Mr. Perron will translate it.

WITNESS.—When I was examined in Quebec I was sworn and told the commission that anything I got from the firm of Drolet were outside of the government affairs, and I have tried to establish by my evidence that I have sent the whole of the work to the Drolet firm outside of the government work. I have obtained letters from those people whom I have mentioned as having sent work to Drolet through me, and I file these letters, and I would ask that they be put on record or otherwise. I make application that those witnesses be called.

By Hon. Mr. Cassels:

Q. Is that all you want to say?—A. Yes. I have nothing else to add.
(Letters exhibit 490.)

Mr. WATSON.—I call attention here specially to cheques that were put in at St. John, perhaps attention was not specifically called to them there. Cheque by Mr. Harding to Ida B. Woodall or order \$275. I think perhaps that was a cheque to get cashed. Miss Woodly was the bookkeeper. You recollect how she explained matters very fully and fairly. (Cheque Exhibit 491.) Then I call attention to this cheque to Fosberry, who was at that office July, 16th, 1906, \$50. (Cheque exhibit 482.) And then, my lord, there are two cheques here, one of March, 25th, 1905, to the Canadian Fog Signal Company for \$23.26 by Mr. Harding. (Cheque exhibit 493.) And another April 23rd, 1905, \$53.94. (Cheque exhibit 493.) These are not cheques by the Canadian Fog Signal Company to him, but from him to them.

A. DOYLE, Sworn:

By Mr. Watson:

Q. At Halifax it was shown fifteen gas buoys were sent from Prescott to Halifax agency, for which a charge of \$3,000 each was made, the account amounting to \$45,000. What class of buoys would they represent, Willson buoys or not?—A. I do not remember these buoys.

Q. I am telling you the fact that that was shown by the evidence and accounts at Halifax, if there were 15 gas buoys at \$3,000 each, where would they come from?—A. Well, they must have been Willson buoys.

By Hon. Mr. Cassels:

Q. Do you know anything about them from your own knowledge?—A. No; I know about those 20 buoys.

Q. There were 28 altogether?—A. There were 20 Scout type buoys^e went to Halifax; they were invoiced up at the rate of \$1,295 each.

By Mr. Watson:

Q. That is as distinguished from the others at \$3,000?—A. Yes.

By Hon. Mr. Cassels:

Q. Were the others sent to Halifax or St. John?—A. I do not remember those buoys at all.

By Mr. Watson:

Q. Twenty-eight to Halifax, and 15 of those 28 were charged up at \$3,000 each; that being so, they would be Willson buoys?—A. At that price.

Q. Have you any personal knowledge about buoys?—A. I have not, unless Scout type buoys; I remember those.

By Hon. Mr. Cassels:

Q. What were those?—A. Those were buoys taken from the St. Lawrence and sent down to Halifax.

Q. About how many?—A. There were 20.

By Mr. Watson:

Q. What were they sent down there for? Because Mr. Parsons repudiated these too; he said he did not want them; why were they sent there?—A. Well, orders came from the department to send them down there; I had nothing to do with that. I saw they were invoiced up to Halifax agency.

Q. What were you doing at Prescott at that time?—A. I was their accountant at that time; I saw they were invoiced up to that agency.

Q. That is all you know about it?—A. Yes.

By Mr. Godfrey:

Q. If goods were sent from one department to another, the department to whom they would be sent would be charged as a matter of book-keeping between the two agencies?—A. Yes, they ought to be.

Q. And simply because \$3,000 is charged against Halifax, that does not mean they were Willson buoys that went down?—A. Well, according to the price it would seem as if they were Willson buoys.

Q. You are only arguing that way; it may be only a matter of book-keeping between the two agencies?—A. In charging up, it is a matter of book-keeping.

Q. You do not know as a fact whether Willson buoys went from Prescott or not?—A. I do not remember Willson buoys going.

Q. In charging up between two offices, you do not seek to make a profit for your office as against the Halifax office?—A. Well, in Prescott, in order to cover running expenses, we charge ten per cent.

Q. But these were bought here at Ottawa and shipped to Prescott; would you charge an advance on them when you sent them somewhere else?—A. Yes, charge ten per cent to cover running expenses.

Q. Of what?—A. Of the depot and freight.

Q. You would charge that against the other office?—A. Yes, in order to cover the running expenses of that depot.

Q. What about Halifax office, what is it going to do? Is it going to partly maintain your office too?—A. No, I do not expect it is.

Q. Have you any other source of revenue there at Prescott. Why don't you charge your running expenses to the department here at Ottawa in the usual way.'

Hon. Mr. CASSELS.—It seems to be that in order to spread the accounts over the different agencies, in order to make them look less than they would be charged to one.

WITNESS.—No. It is so that Prescott will get credit for a certain amount of work.

Q. Why cannot Prescott assume its own expenses?—A. It is a manufacturing agency, and work is done there, and the work is charged up to the various—

Q. But you do not manufacture these buoys?—A. No.

O. G. V. SPAIN, recalled.

By Mr. Watson:

Q. You were in British Columbia in 1904 when you sent the telegram. I understand you sent the telegram asking Polson to send you the \$500?—A. Yes. I told him I was going to do that.

Q. I see by the records that you were here at Ottawa, or apparently present ten days during the month of September, 1904. Apparently you were here on the 4th, 5th, 7th and 9th, then 11th, 13th 14th, and so on, of Septemebrr. So that you were here early in September of 1904. Your evidence the other day was that you thought you returned in October, and on your way back you went to Mr. Polson's house and handed him back the money—handed him back the identical bills you received from the bank. Now, apparently you were here early in September, and altogether you were here at the office ten days during September of 1904. Any explanations you wish to make?—A. Yes, I have every explanation to make. I came through Toronto on the way back to British Columbia, and it is quite impossible for me to remember the exact date; I think it was in September. I thought we went out in July and came back in September.

Q. October you mentioned before, I think?—A. No, I do not think I did.

Q. That is all you have to say?—A. I think we went out some time the middle of July and came back about the middle of September, I think.

Q. You say you went out in the middle of July and came back the beginning of September. I thought you were here in your office several days in August, 1904; number of days present, seven. August, 1904, the days present are not given 19 days on duty absent; seven days present in August, 1904; what do you say about that?—A. I left with the minister the day the house adjourned in 1904 for British Columbia, and I thought it was in July.

Q. These records do not carry out quite, do they? Anything else to say about that?—A. I think we left here—there must be some time I was away seven days.

Q. Where did you get these days from, number of days present August, seven?—A. I was away from the 10th of August.

Q. Does that appear in this book?—A. Yes.

Mr. WATSON.—This is the memorandum that is made up, already deposed to, made up from this book.

Hon. Mr. CASSELS.—The important feature is this: Comander Spain attended so many days in August. (Ex. 421.)

Mr. WATSON.—Days of month absent on duty, 19.

Hon. Mr. CASSELS.—If there is any point in that, it would be whether those seven days were prior to the day he left.

Mr. WATSON.—That can be shown by reference to the book. I see here on the 4th August, his name appears. I do not know why the particular days were not given to me, but they were not. On the 3rd he was here.

WITNESS.—I was absent from the 10th August to the 8th September.

Hon. Mr. CASSELS.—He left on the 10th August and returned on the 10th September.

By Mr. Watson :

Q. The entries show Mr. Spain was absent on the 1st, 2nd and 3rd, and the next absence is on the 6th, so that, according to this, he was here on the 4th and 5th; then after the 6th he was here on the 7th, 8th and 9th, and absent on the 10th, present on the 11th.

Hon. Mr. CASSELS.—Present on the 11th.

Mr. WATSON.—Not absent on the 11th, and therefore present.

Hon. Mr. CASSELS.—Is his name down as being present ?

Mr. WATSON.—That is the number of days he was present, and then the particular days he was absent. Let us look at September, The first day he is not absent there would be the 4th, would it not ?

Hon. Mr. CASSELS.—He was there on the 5th apparently, and absent 8th and 15th.

Mr. WATSON.—The 7th he is supposed to be here.

Hon. Mr. CASSELS.—Yes.

Mr. WATSON.—This statement will have to be compared. I cannot stop to compare it now.

Hon. Mr. CASSELS.—He might have been seven days here in August and then left on the 10th.

WITNESS.—I went out there on a certain day with certain people, and according to this, came back on the 8th April.

By Mr. Watson :

Q. According to what ?—A. According to the memorandum I have here.

Q. Where did that memorandum come from?—A. It was given to me.

Q. What you say now is that you left on the 10th August and returned on the 8th September?—A. I think so by the the book; I cannot remember.

Q. I thought you were swearing to it?—A. I am not swearing to it; that was evidently given to me by Mrs. Thomas.

Q. That would bring you back on the 8th September; then you were here in Ottawa all September before you went to Toronto and returned the money?—A. Not at all, exactly what I did not do.

Hon. Mr. CASSELS.—According to his statement he was absent on the 1st, 2nd, and 3rd and 6th and 8th; the lapse would be the 5th and 7th September.

By Mr. Watson :

Q. At all events that is the best of your recollection now, what you have stated?—A. Yes, but it is not what you have just stated.

Q. Have you stated to the best of your recollection?—A. The best of my recollection is I went away some time in August and came back in September, and it was on my way through Toronto.

By Hon. Mr. Cassels :

Q. Did you come back with the Colonel ?—A. I came back with the minister and Colonel Gourdeau.

Q. He swore he got back here on the 4th September?—A. Well, that would be the same time, if that is correct.

By Mr. Watson:

Q. That is the best of your recollection. Colonel Gourdeau says his recollection is you did not come back with him?—A. My recollection is that I did.

Q. It is not as you first thought, that you went some time in July and returned in October, and on the way back in October saw Mr. Polson and paid him the money at his house?—A. No, it was some time in September.

Q. Now, then, with reference to the matter that was referred to the other day, the memorandum from the Auditor General; that is the days charged for when you were present at Montreal at trials, and the fact that expenses were charged for travelling the same day when you were sitting at other places; what explanation have you to make?—A. Well, the explanation I have to make to that is that on each of those occasions you will see that I am in Montreal a day or so late. These investigations had to be held in a preliminary way first of all, and I would have to go to Quebec to get hold of the witnesses, and the investigations are dated from the date of the preliminary inquiry.

Q. What?—A. The date of the investigation that took place in Montreal is dated from the time I first started in with the investigation. If you will look here—

Q. Take when you first started the investigation, that is at the place, at Montreal?—A. No, at Quebec.

Q. What you are referring to is this, to get down to actual facts; June 11, 12th and 13th Mr. Spain was holding court at Montreal, steamship *Mary*; were you there those days?—A. I suppose I was.

Q. You suppose you were there during those three days in June?—A. Yes.

Q. No mistake about that?—A. No, I do not say there is no mistake, but I think not.

Q. During those days you are charging for travelling expenses from Quebec to Fort William and back?—A. That I explained to you before was a wrong date.

Q. Where is the correct date?—A. That I cannot tell you. I went once to Fort William and there is only one charge for going to Fort William.

Q. How do you know that?—A. That is the best of my knowledge.

Q. Show me any statement showing one charge at any other date?—A. Well, you have all the accounts there.

Q. The accounts do not show anything different?—A. I have gone to Fort William once and only charged once for going there.

By Hon. Mr. Cassels:

Q. When the Auditor sent that memorandum to you, did you call his attention to those things?—A. No, he did not send it to me.

Q. Where was it sent?—A. To the department.

Q. Have you investigated it?—A. Yes.

Q. What have you found out?—A. I cannot find out about it.

Q. Those complaints which are of a serious nature were submitted to you, and you immediately set to work to try and satisfy the Auditor General that you were entitled, irrespective of dates altogether?—A. Yes, I did.

Q. Have you been able to find anything of it?—A. No, only I know I went on an investigation on the *Monarch* case, and there was no other charge.

Q. You tried to satisfy the Auditor General you only went once, and only one charge was made?—A. I have not tried to satisfy him.

By Mr. Watson:

Q. Here is the account, and this starts June 6th, and it runs to the 22nd June, and it accounts for you during all that time. It accounts for you at Fort William and Quebec for the days which you have charged, and there is no possibility, according to this account, of being at Fort William or Quebec any other days. The account speaks for itself, you have gone over the account?—A. Yes.

Q. You could not be two places at the same time?—A. No, as I say, I cannot account for that.

Q. On other days of the month you were at other places, so that, unless you were at two places at the same day, you cannot get in that Fort William trip?—A. Not at that time, it is the wrong date.

Q. The wrong month?—A. Probably the wrong month.

Q. Take the next month the same way, every day is here, no trip there to Fort William for July?—A. If you look at the back, you will see I am away on duty all those days; this accounts for every day of the month. I do not know whether it is the month after or before, or two months before.

Hon. Mr. CASSELS.—I should have thought, after what took place in 1904 and 1905, the moment your attention was called to the fact that on the accounts as sent in by you, you were charging for attendance which never took place, that you would immediately have set to work and got evidence to show those were errors of dates?—A. I cannot get it.

Q. Why cannot you get it?—A. I cannot get it, I was at Fort William some time.

Q. Why did you not satisfy the Auditor General you made that trip and only made one trip? You should have set to work to find out that you were there on another day and that the date charged for was an error? (No answer.)

By Mr. Watson:

Q. This is charged in June, and if the entries in May are correct, it was not possible for you to be at Fort William during May?—A. Why not?

Q. Because you were elsewhere?—A. But I am not elsewhere all the time.

Q. Practically you have all the time accounted for: take June, and that is the same with June, and take July, and it is the same in July. So that, according to this account, there is no place that I can see to get in the Fort William trip. However, that is all you can say about it?—A. I went there with the Ontario assessor, Captain Donnelly.

Q. What about the next, the next is June 20th, court at Montreal *re Casandra*, Montreal, June 20th. Then you have charges here 19th June, Ottawa to Quebec; then you have several Quebec charges on the 20th and 21st; that is in June?—A. You will see on the 21st I did go to Montreal.

Q. But you did not go to Quebec?—A. No, I went on the 19th to Quebec.

Q. Ottawa to Quebec on the 19th, then you have court at Montreal on the 20th?

Q. You think that is all right?—A. I think that is all right.

Q. On the 20th you have got cab-hire at Quebec and porter?—A. Yes.

Q. That might be in the morning?—A. Yes.

Q. On the 21st you have Quebec to Montreal?—A. Yes.

Q. Meantime you are at Montreal on the 20th?—A. No, I did not say that.

Q. That is what the record says?—A. No, the examination started in Quebec on the 20th.

Q. Then how could you be in Quebec on the 20th and be paying railway fare Quebec to Montreal on the 21st?—A. The examination started in Quebec on the 20th, and continued on the 21st in Montreal. These cases sometimes begin in Quebec and go on to Montreal, and I have gone as far as Windsor trying the same case.

Q. Now, then, you see the memorandum, the statement that you sent in, does not show that you were in Montreal at all for court; what about that?—A. I do not understand you.

Q. The statement you make up that is sent in does not show you had any court at Montreal on the 20th?—A. No, because I had the court at Quebec on the 20th. I had the preliminary examination in Quebec on the 20th.

Q. But the fact is you were in Montreal on the 20th?—A. No, because I was in Montreal on the 21st.

Q. You left Quebec on the 21st for Montreal?—A. Exactly; I was in Montreal on the 21st.

Q. Do the records not show you sat in Quebec and Montreal on the 20th?—A. On the 20th and 21st. The records show the thing started in Quebec on the 20th.

Q. What about the next one?—A. The next one is exactly the same.

Q. Have you got any record of the time you sat there?—A. No, I do not think so.

Q. Montreal, *re Montrose*, when did you sit there?—A. 6th, 8th, 9th, 10th, 11th and 12th July.

Q. Is that a correct statement?—A. That is correct in a way, it is a preliminary investigation started in Quebec again.

Q. When?—A. Evidently on the 7th.

Q. You were at Quebec on the 7th?—A. Well, according to this.

Q. And Montreal on the 8th?—A. No, Quebec on the 8th. I was in Montreal on the 12th.

Q. But you ended in Montreal on the 12th?—A. Yes.

Q. But you were in Quebec on the 12th?—A. No, I was in Montreal on the 12th; it says Quebec to Montreal on the 12th.

Q. You have got yourself down here for Montreal 8th, 9th, 10th, 11th and 12th July, and you were not there at all till the evening of the 12th?—A. I should think that is correct, the evening of the 12th.

Q. Did you charge expenses in Montreal 8th to 12th?—A. If I charged them Montreal I did not charge them for Quebec. They are only charged once.

Q. I have your charges here Ottawa to Quebec, and your charges for Quebec; do you know where you were?—A. I was in Quebec 8th and Montreal 12th.

Hon. Mr. CASSELS.—Q. Supposing you go down to start a case, is there a venue fixed?—A. We generally start a preliminary, not taking evidence at all.

Q. Is there a specific place where you start? Supposing you start on the 6th, is Windsor the place where the court is held?—A. No, we may go to Quebec or Windsor.

Q. You go Montreal to Quebec and then you charge to Quebec?—A. Yes.

Q. You might go to Montreal and go off for a couple of days to Quebec, and you would put the charge in Montreal?—A. Yes.

Q. You did not think it worth while to satisfy the Auditor General?—A. I did not know what to do.

By Mr. Watson:

Q. So that at this time you were in Quebec?—A. The preliminary examination started in Quebec.

Q. And you did not get to Quebec until the 12th?—A. No, I did not get to Montreal until the 12th.

Q. I find, if that is so, that the record of evidence is all wrong, because here is the copy of the evidence taken in Montreal on the 8th, 9th and 10th?—A. That is the copy of the preliminary evidence, the preliminary stuff; the examination started in Quebec.

Q. Montreal, July 8th, court opened at 10.30 A.M., and it gives the witnesses; Montreal, July 8th, 1907; is that all false? (No answer).

(Copy evidence exhibit 495).

Q. Who is Mr. Wright? Where is he? (No answer).

Q. That seems to cover the point, does it not. Here is another copy of evidence, July 9th, evidence taken on July 9th in the other case, appearances of counsel; Montreal, July 9th, court opened at 10.30 A.M. It goes on with a large volume of evidence, 230 or 240 pages. (No answer).

(Copy of evidence, Exhibit 496).

Q. Let us go back for a moment to the earlier one, that is the steamship *Mary*. Here is the record of the sittings there. I have a lot of evidence here, for the steam-

ship *Mary*, at Montreal on the dates given according to the record. I put that in too. It started on March 31st, and then it goes on and is continued--apparently there is nothing done that day--and then it goes on from the 11th June and that time on. (Copy evidence Exhibit 497). I do not suppose there is anything further about that, is there? Anything further to be said about that, Commander Spain?—A. No, I tried to explain.

Q. Then again the same thing occurs at Montreal *re Imperial Germania*; I suppose that is the same condition, is it?—A. I tried to explain to you, it is the same sort of way with the preliminary investigation. Here is my notebook with the whole thing in it.

Q. We have the evidence here taken on August 30th, 1907, the same day we have expenses being incurred at Quebec?—A. And none at Montreal.

Q. In Quebec?—A. But none in Montreal.

Q. I suppose the expenses are incurred when you are sitting there and you are allowed \$6 a day; that covers everything; this is independent of the \$6 per day?—A. But you do not have expenses at both places.

Q. You should not have?—A. And I do not have.

(Copy of evidence Exhibit 498).

Mr. WATSON.—That is with regard to the *Imperial Germania*, and then again, 'Travelling expenses court Montreal, 5th and 6th and 7th November. Then again apart from that, go back to 1906, enquiry as to the *Resolute* on December 3rd, Commander Spain held court in Toronto, resident enquiry, and at the same date you are travelling Port Arthur to Montreal; December 4th, porters, cabs at Montreal, Montreal to Ottawa. This shows December 3rd sitting at Montreal, and the records show the charges put in are November 30th, Ottawa to Port Arthur, and then the expenses from November 30th to December 5th. The record shows of the ship *Resolute* that an enquiry was going on here at Toronto during that same time.

(Copy evidence Exhibit 499).

Hon. Mr. CASSELS.—The real point of difference is this: Commander Spain gets \$6 a day living allowance, and the \$6 a day is not charged twice. Supposing he had to be in Montreal and he puts in take out trip to Quebec, he is only getting \$6 a day so far as that goes, and the increase is putting in the travelling expenses which were never incurred.

WITNESS.—Which were incurred.

Hon. Mr. CASSELS.—That is your version of it.

Mr. WATSON.—I have a copy of letter or telegram that you sent, Toronto, Dec. 4th, to the Deputy Minister at Ottawa, 'Resolute enquiry finished; shall be in office tomorrow morning.' That would be the morning of the 5th. The expenses are away down at Port Arthur somewhere during that time. In Montreal 25th, 26th and 27th August, 1906, *re Pommeranian* enquiry. I find here that you are on the way from Halifax, and on the 25th you have boat hire at Halifax; 27th sleeper to Montreal, and so on.

WITNESS.—What month is that?

Mr. WATSON.—That is the *Pommeranian* enquiry.

(Copy of evidence Exhibit 500).

Mr. WATSON.—Then I put in the other files, my lord.

Q. Now, then, Commander Spain, do you recollect now being at Halifax in 1906 at the time when Colonel Gourdeau was there?—A. I would not remember.

Q. The reason I ask it is, did you happen to be there yesterday when the Colonel was giving his evidence?—A. No.

Q. At Halifax—A. Twelve years ago?

Q. Yes; you think that is a long time. In 1906 Mr. Parsons speaks of an interview with Colonel Gourdeau as Deputy Minister when he says you were present, when there was considerable discussion about supplies and provisions to the large ships. Complaint was being made that the supplies were extravagant and excessive, and that Colonel Gourdeau, so to speak, rather reproached them for the complaint, and, according to Mr. Parson's evidence, he said 'Let her rip?'—A. I read that in the paper.

Q. He says that you were present at that time; do you recollect anything about it?—A. No, I have not any recollection about it.

Q. No recollection about it, one way or the other?—A. In 1896, no.

MR. WATSON.—I think that is all, thank you

EUGENE TREMBLAY, sworn.

By Mr. Perron:

Q. Do you speak English?—A. A little.

Q. What is your occupation? Where are you employed now—A. I am employed as clerk at Sorel.

Q. How long have you been there?—A. Since July, 1904.

Q. In what capacity? Clerk always?—A. Clerk always.

Q. Do you recollect a conversation which you had with Mr. Boucher, the agent at Montreal, respecting Colonel Gourdeau —A. Yes, I do.

Q. State what took place —A. Mr. Boucher said that he gave Colonel Gourdeau \$190.

Q. Mr. Boucher stated that to you?—A. He did.

Q. You have already sworn to that before?—A. Yes.

Q. In another investigation held previously?—A. Yes.

Q. What was it paid for?—A. He did not say.

MR. BELCOURT.—I submit that is not evidence.

HON. MR. CASSEL.—It is not evidence against Mr. Gourdeau. It might be evidence against Boucher's credulity.

MR. BELCOURT.—I understand Boucher has denied it.

HON. MR. CASSELS.—That is my recollection of it.

MR. WATSON.—Yes, Boucher denied it.

HON. MR. CASSELS.—It is evidence against Boucher.

MR. WATSON.—Yes I understand that Colonel Gourdeau wishes to make some further statements with regard to the *King Edward* matter.

MR. BELCOURT.—Yes, on his behalf I would like to examine him now.

HON. MR. CASSELS.—Are there any other officials you want to examine, Mr. Watson.

MR. WATSON.—I do not think they are here—yes, I see Colonel Anderson is here.

HON. MR. CASSELS.—It is in regard to that Parent matter.

W. P. ANDERSON, sworn.

By Mr. Watson:

Q. There is a letter here, 17th March, 1906, written by Mr. Parent, the resident engineer at Quebec, which is as follows:

'With further reference to your letter of the 14th instant, I am sorry to say the explanation furnished in my letter of the 5th instant have not been found satisfac-

tory. I signed this account because I knew perfectly well that later or sooner the account would have to be paid out of the trust fund. When I first arrived in Quebec I was handed over all construction matters, and expected to control more or less the orders as well as the cost of materials. Later on—and this in the presence of Mr. B. H. Fraser—I was severely called down by the agent for inquiring from outsiders the market value of certain articles such as brick, &c. I was simply forbidden to do so. After a further discussion between Mr. Fraser and the agent it was decided that in the future I certify to the articles received and wanted. Later on again, when Mr. Fraser was in Quebec, it was furthermore agreed that all the orders for the purchase of goods, whether for construction or other purposes, were to be signed by the agent. You can judge by the above the position I am in. I do not know exactly how I am to certify accounts and keep responsible for the expenditure when I cannot control the prices of purchase of materials myself. It seems to me these various orders or understandings could be somewhat amended, so that I could be told exactly what to do, as at present matters seem to be pretty well mixed up. I have always endeavoured to remain on good terms with the officers of the agency, as I felt this to be the desire of the department.' He says at the finish, 'I am furnishing you with the above information under private seal. Mr. Fraser knows all about this, and could give you more details.' And he says he must stay on good terms with the agent, otherwise life here will be unbearable. He says, 'I was severely called down by the agent for inquiring from outsiders the market value of certain articles, &c. I was simply forbidden to do so,' &c., That letter was written to you on the 17th March, 1906?—A. Yes.

Q. What have you to say about it?—A. I replied to the effect that under existing conditions the agent was responsible for the purchase of materials, and that he would only certify for the receipt of the materials, and leave the agent responsible for certifying to the price.

By Hon. Mr. Cassels:

Q. Did B. H. Fraser inform you of what had taken place between himself and the agent in presence of the agent?—A. I have no recollection of that.

By Mr. Watson:

Q. 'Replying to your personal letter of the 17th inst, with reference to your certifying accounts for construction, I have to advise you that Mr. Fraser's intention was to have you certify only to the correctness of the quantities and the amount of labour, leaving Mr. Gregory responsible for the prices. Mr. Fraser is going to Quebec to see you and Mr. Gregory and will discuss these and other matters personally with you. It seems to me I cannot too strongly impress on you the necessity for economy throughout the coming year,' etc. He told you he was severely called down by your subordinate, Mr. Gregory, in presence of your subordinate, Mr. Fraser, for enquiring from outsiders the market value of certain articles such as brick; he was forbidden to do so, and then he goes on to refer to that subject. Now, in your letter in answer you make no reference to those matters?—A. I did not, but I handed his letter and my answer in to the deputy minister, and that is probably the way in which they got on the file.

Q. I think your answer does not cover the material point in the letter?—A. Possibly it does not.

Q. What explanation have you to make, because Mr. Parent was under you?—A. The understanding was perfect in the department that the agent was responsible for the purchase of the goods.

Hon. Mr. CASSELS.—What is sworn to at Quebec is this: that Mr. Parent went round Quebec and found he could purchase brick for \$1.50 cheaper than the price Gregory was paying for it.

WITNESS.—Mr. Parent was not allowed to purchase.

Hon. Mr. CASSELS.—That is not the question. He gave the information to Mr. Fraser that brick which Gregory was paying for could be got for \$1.50 a thousand cheaper. For calling Gregory's attention to that in presence of Mr. B. H. Fraser, he was called down. He wrote you, and Fraser was here when you received the letter. Did you not take the trouble to enquire as to the true facts, and to let somebody know Gregory was paying an excessive price?—A. I certainly did. In handing that letter to the deputy minister I consider I was drawing attention to the fact.

Q. Handing that letter to the deputy minister does not indicate what has taken place at Quebec?—A. Parent's letter indicated it.

Q. It did not indicate he was able to get the same goods very much cheaper. There was nothing in Parent's letter to indicate he could get goods less, but it indicated he was making enquiry?—A. I had no information except Parent's letter.

Q. Why did you not discuss it with Fraser?—A. I discussed it with Fraser.

Q. Did Fraser tell you what Parent had stated?—A. No, not that I recollect, not a definite statement of that kind.

Q. When you got this letter from Parent, did you then ask Fraser what had taken place?—A. Yes, we had a conversation about the matter.

Q. Did you call Fraser down?—A. No, I did not.

Q. Did Mr. Fraser tell you that that had all taken place in his presence?—A. I do not remember the substance of the conversation now.

Q. It is not very old, this is March, 1906?—A. My own feeling in the matter was that I was absolutely helpless under the existing organization.

Q. You are the chief engineer of the whole department?—A. I may be the chief engineer of the whole department, but I had no right to purchase anything in Quebec, everything had to be purchased through the agent.

Q. Here were the representations made to you of the condition of affairs—

By Hon. Mr. Cassels:

Q. If you had known the agent was paying double prices?—A. I should have reported, and that is as far as I could go.

Q. I should have thought when your attention was called to the fact that he paying \$1.50 for brick more than he could get it for, that you would call somebody's attention to it, and wash your hands of the matter? (No answer.)

By Mr. Watson:

Q. Now, I am informed that this file with this letter on comes from the Chief Engineer's Office, your office, and that this file does not come from the deputy minister's office. It is so marked here 'Chief Engineer's office,' there is no mark here of coming from the deputy minister's office at all?—A. I do not know what you mean. That file has been in that office and in the deputy minister's office a dozen of times since that letter was put on it, in all probability. I can tell if I see it.

Q. Did you ever have a discussion with the deputy minister about this?—A. I did.

Q. About this letter?—A. I must have had a discussion. I remember giving it to him.

Q. Do you recollect having any discussion with him about it, as a matter of recollection?—A. My impression in that he said he would draw the minister's attention to it.

Q. Have you any recollection about it?—A. No, it is no more than an impression.

Hon. Mr. CASSELS.—Is there anything on that letter which Colonel Anderson wrote which would indicate on its fact that Gregory was paying more than the goods could be purchased for?

Mr. WATSON.—Yes.

Hon. Mr. CASSELS.—I mean the letter written by Colonel Anderson?

Mr. WATSON.—Oh, no.

Hon. Mr. CASSELS.—The Deputy Minister might read that letter and see it was merely a conflict as to who should make the prices.

Mr. WATSON.—That is all.

Hon. Mr. CASSELS.—But is there anything to indicate the goods could be got more cheaply?

Mr. WATSON.—Except in Parent's letter.

Hon. Mr. CASSELS.—But in Colonel Anderson's letter?

Mr. WATSON.—No, not in his letter.

Hon. Mr. CASSELS.—The minister might have read that and not see——

WITNESS.—The minister would have the same opportunity of judging that I had.

Hon. Mr. CASSELS.—No, he would not, because the minister would not have Parent's letter and B. H. Fraser's information.

By Mr. Watson:

Q. The point here is the plain statement by Mr. Parent, a responsible officer under you, to you as Chief engineer, that there is waste going on, excessive unnecessary expenditure, and we have no record and no evidence of any action taken or done by you in respect of it; that is the whole condition?—A. Well, I content that the very fact of handing that letter in to the proper officer is the only action I could take.

Q. Well, that is all there is about it.

By Hon. Mr. Cassels:

Q. What right had you to call Mr. Parent down before you handed it to the proper officer?—A. I did not call him.

Q. You called him down?—A. I never called him down.

Q. Your letter is said to be a call down?—A. May I read that letter?

By Mr. Watson:

Q. The letter reads: 'Replying to your personal letter of the 17th with reference to your certifying accounts for construction, I have to advise you Mr. Fraser's intention was to have you certify only to the correctness of the quantities and the amount of labour, leaving Mr. Gregory responsible for the prices;' that is a pretty good call down; that in effect says, 'Mind your own business'?—A. I do not read it that way; but as a matter of fact Gregory was responsible for the purchasing.

By Hon. Mr. Cassels:

Q. Supposing he was paying more than he should?—A. If he was I should draw the deputy minister's attention to it.

By Mr. Watson:

Q. Did you feel yourself responsible in connection with this expenditure—A. I did, yes.

Q. And you felt a duty upon you?—A. Yes.

Q. That being so, and this reference being made to the expenditure, you say you simply handed the letter to the deputy?—A. What more can a man do?

Q. Well, that is for you.

By Mr. Belcourt:

Q. You said you were under the impression you handed that letter to the deputy?—A. I said positively I handed that letter in to the deputy minister for the information of the department.

Q. I thought you said you had an impression?—A. No.

Q. Have you any memo. of handing that letter to Colonel Gourdeau?—A. I have not.

Q. How long ago is this?—A. At the time I received it.

Q. When did it occur?—A. March, 1906.

Q. It is nearly three years ago?—A. Yes.

Q. And you have no memorandum of any kind?—A. I never took any memorandum when I handed documents to the minister or the deputy minister for the minister.

Q. Is there anything to show the deputy minister took any action on the letter after you handed it over to him?—A. I cannot tell you without looking over the file.

Q. There is nothing in that?—A. There is nothing except the stamp of the record room, to show it was put on file.

Q. There is nothing to show he took any action on it?—A. No.

Q. And you say you handed it to him because it was your habit to hand letters of that kind to him?—A. Yes.

Q. No recollection of handing that particular letter to him?—A. Yes.

Q. You swear you handed that letter to him?—A. Yes, I do.

Q. Your memory has been refreshed since you began?—A. I said that at the beginning.

Q. You say you have a distinct recollection of handing that letter to Colonel Gourdeau at the time?—A. Yes, because I have a distinct recollection of the complaint being made by Mr. Parent and my wishing to clear it up.

Q. That would not corroborate the statement that you handed it to Colonel Gourdeau; what corroboration is there in that, or what is there in it to make you believe you did hand it to him, that Parent acted upon it afterwards?—A. Nothing more than my recollection of the fact that I drew the minister's attention to the complaint that Mr. Parent made by handing him the letter.

Q. Have you any circumstance at all which enables you now to remember that you did hand it to him?—A. None.

By Hon. Mr. Cassels:

Q. Do you mean to say you handed Parent's letter to the deputy?—A. Yes, with my reply attached to it.

B. H. FRASER, sworn:

By Mr. Watson:

Q. You are under Colonel Anderson?—A. Yes.

Q. Next officer to him in the engineering staff?—A. Yes.

Q. You have heard this letter of Mr. Parent's, of Quebec, read, dated 17th March?—A. Yes, I just heard it now.

Q. Saying, 'When I first arrived in Quebec I was handed over all construction matters, and expected to control more or less the issuing of the orders, as well as cost of materials; later on—and this in presence of B. H. Fraser—I was severely called down by the agent for inquiring from outsiders the market value of certain articles, such as brick, &c. I was simply forbidden to do so.' Do you recollect that occasion?—A. I do not recollect that particular one. I have heard him spoken to severely by Mr. Gregory on several occasions; never to my knowledge have I heard any mention of the price of brick. Mr. Parent was appointed not only resident engineer, but assistant agent, and as such had to take instructions from Gregory.

Q. But at this time he says: 'I was handed over all construction matters, and was expected to control the issuing of the orders as well as the cost of materials.' We have no record, so far as I have heard, that he was to act as assistant agent?—A. It is a fact just the same.

Q. Show me the record ?—A. If you have the file here—it is not the same as that it never mentions prices or materials.

Q. Mr. Parent was interfering in calling attention to prices and saying prices were excessive ?—A. I do not say that.

Q. Do you regard that as undue interference on his part ?—A. I do not remember that he was interfering.

Q. 'Later on—and this in the presence of B. H. Fraser— I was severely called down by the agent for inquiring from outsiders the market value of certain articles such as brick, &c. I was simply forbidden to 'do so.' Do you recollect that ?—A. I have no recollection of any such calling down as that.

Q. I do not suppose for a moment you would question the veracity of Mr. Parent, a letter written 17th March, 1906. He would not make a misstatement of fact?—A. He is referring to something that happened a considerable time before that.

Q. It does not say so?—A. I think so.

Q. When did he arrive in Quebec?—A. I cannot remember. That is his defence to something Colonel Anderson had written to him.

Q. We have not got that in their record as a defense to anything at all ?—A. It seems to me, 'Replying to your letter stating that my explanation is not satisfactory'—

Q. 'In reference to your letter of the 14th inst., I am sorry to see the explanations furnished in my letter of the 5th have not been found satisfactory.' You think we had better go through that?—A. No, I am only telling you what I think, that he is referring to something which occurred some considerable time before, I should think, judging by the letter.

Q. Tell me this: Do you recollect being present when any such conversation occurred?—A. I must say I remember Gregory speaking harshly to Parent on several occasions.

Q. About interfering with prices?—A. I cannot remember prices; it was interfering with him.

Q. Would you contradict what Parent has sworn to ?—A. No, I would not.

Q. Now, then, that being so, did you report that circumstances to Colonel Anderson, or anyone else, when you got here ?—A. Why, no.

Q. Did you take any action in regard to that matter ?—A. None whatever.

Q. You did nothing whatever?—A. No.

Q. Do you recollect that at that time it was pointed out that very excessive prices were being paid for brick and other materials ?—A. I do not.

Q. A difference in price mentioned?—A. I do not recollect.

Q. Is that a matter which you think, if you had remembered it, would or should have been reported by you?—A. Yes, I think if it came directly to my knowledge I would have spoken to the chief engineer about it.

Q. But you have no recollection of speaking to him about it ?—A. No.

Q. Did you speak to Colonel Gourdeau about it?—A. No, I would not speak to Colonel Gourdeau about it.

Q. So the fact is from this correspondence, and according to the evidence of Mr. Parent, there was this condition of affairs existing which involved a very considerable financial waste?—A. I did not know that.

Q. It comes to your knowledge and to the knowledge of Colonel Anderson, your superior, and nothing is done?—A. I do not think I knew there was any financial waste.

Q. Here is the statement complaining about excessive prices?—A. I think Mr. Parent must be a little bit mistaken about that.

Q. I asked you if you would contradict his evidence?—A. I do not contradict it but I say what I think.

Q. And that was the end of it as far as you were concerned ?—A. Yes.

Q. That is all there is to say about it?—A. Yes.

Hon. Mr. CASSELS.—Supposing he was mistaken, one would have thought they would have made enquiry.

JAMES BUCKLEY, sworn.

By Mr. Watson:

Q. You were before his lordship on a former occasion in June?—A. Yes.

Q. Further information has been forwarded or sent in, and as a result of that you are asked to appear again. Now, the information that we have is that it has already been made to appear that you shipped one car load of coal to the deputy minister at the time that you were contracting with the government?—A. Yes.

Q. Is that correct?—A. Yes. You went through all that before, you know.

Q. Went through it before the Public Accounts Committee?—A. Yes, and you asked me in this court.

Q. How did you happen to ship a car load of coal to Colonel Gourdeau?—A. Well, he ordered it, and I shipped it to him, and he paid me for it.

Q. Paid you for it?—A. Yes.

Q. Have you your account here showing that?—A. You have the book here, I think.

Q. The book showing that?—A. Yes.

Q. Was it not thought by you to be a little singular that the deputy minister should send out to you at Prescott for coal at that time?—A. No, I did not think anything wrong about it.

Q. You were furnishing the department with coal at that time?—A. Yes.

Q. Was that your first experience in furnishing officials with coal?—A. Yes.

Q. That is after you commenced to furnish the department with coal?—A. Yes.

Q. You commenced to furnish the officials with coal?—A. All the coal I ever furnished here was to Fraser and him.

Q. Fraser and Gourdeau?—A. Yes.

Q. And this was at the same time?—A. Yes.

Q. Where is this account of Colonel Gourdeau's?—A. I have got my books; I will I produce them?

Q. Yes, please?—A. You saw all this before you know.

Q. Have you it there?—A. Yes, here it is.

Q. September 24th, 1904, it runs on that way; September 8th, 1905; the total is there; was that ever paid?—A. Yes. There is the credits on the other side; it is all paid for.

Q. Did you get the cheques for this?—A. In money?

Q. Where did you get the money?—A. Got it here at Ottawa.

Q. The first account is \$197.68?—A. Yes.

Q. The last debit is September 24th?—A. Yes.

Q. Do you mean to say you got on October 1st, \$197.68?—A. Yes.

Q. I beg pardon?—A. Yes, I got it. He don't owe me anything, he paid me every cent.

Q. Was this paid in cash?—A. Yes.

Q. Whereabouts?—A. That was paid at the parliament buildings, and so was this.

Q. And the next one too?—A. Yes.

Q. Both paid at the parliament buildings?—A. Yes.

Q. In cash?—A. Yes, and a little over. I really owe him 70 cents. I did not have the change, and he said let it go.

Q. So that you were only there a minute or two in his office?—A. Oh, a very short time.

Q. Not over two or three minutes?—A. No.

Q. You went in with the account to his office?—A. He asked me for the first account.

Q. You went into the office with the account?—A. That is right. I had my account in my pocket.

Q. That is the first time you had given it to him?—A. Yes.

Q. You went in there and gave it to him, and you were there two or three minutes and he handed out \$197.68?—A. Yes, he had it all ready for me.

Q. You had not sent your account?—A. No.

Q. He did not know you were coming?—A. No, he did not know I would be there that day.

Q. But he had the \$187.68 and paid it?—A. Yes.

Q. That is what I understand you to state?—A. Yes, sir.

Q. And the next one just the same thing over?—A. \$196.

Q. Is that about the same conditions again?—A. Yes, just about.

Q. The last item of the account, in fact the whole account is September 8th?—

A. Yes.

Q. Then September 20th you go in to him with the account?—A. Yes.

Q. You were there just two or three minutes?—A. I do not know how long I was there. I may have been there a little longer than that.

Q. Just a few minutes?—A. Yes.

Q. He did not know you were coming?—A. I met him in the hall first and went in with him.

Q. And he then and there handed you out the \$196?—A. Yes.

Q. The Colonel is a good customer, he carries lots of money with him?—A. Yes.

Q. That is what you state?—A. Yes.

Q. How much less did he have to pay per ton than the department?—A. Here is \$6.50?—A. There is \$6.50.

Q. And \$5.95, this is in 1904. In 1904 egg coal, nut coal—that is bituminous coal—\$5; anthracite and smithing coal—that is the same, I suppose—that is \$6.50. You were not giving him any advantage in this?—A. No, he did not ask me. He telephoned me from Montreal, and asked if I had good coal to send him out a car.

Q. In 1905 you are charging \$5.95, apparently charging the department the same?—A. Yes.

Q. Where is Mr. Fraser's account; did he pay you the cash like that too?—A. Here is the account.

Q. At page 412, \$238; June 29th is the last, 1903, \$238; and you got cheque August, 1905?—A. Paid by cheque.

Q. How do you remember that?—A. It was put down.

Q. You do not remember the fact?—A. I remember he sent me a cheque for it. He sent it from Morrisburg.

Q. How much did you pay back?—A. To whom?

Q. To Mr. Fraser?—A. Paid him nothing back.

Q. Did he get any benefit from you?—A. No.

Q. Of any kind?—A. No.

Q. Or the deputy minister?—A. No.

Q. Who is the messenger of the department that got some from you?—A. No messenger got any.

Q. How much of a commission did you pay to Mr. John Offspring?—A. What for?

Q. Anything?—A. I never paid him a commission.

Q. What about the large lot of lumber you sold to the department at Prescott? Did you not pay him something in regard to that?—A. No, sir, I did not, not a cent.

Q. Try and think?—A. I am sure.

Q. Information from Prescott is that you did make him payments, and that is the reason I asked you?—A. No, sir, I never gave him a cent.

Q. Did he get any benefit from you?—A. Not a farthing.

Q. Did any one else?—A. No.

Q. Directly or indirectly?—A. Directly nor indirectly.

Q. Then do you know that the lumber that was purchased by the agent at Prescott from you was sent to Parry Sound?—A. I do not know anything about that.

Q. Who was the agent at Prescott at that time—Mr. Fraser?—A. I think he was.

Q. Was it not rather queer to purchase lumber at Prescott?—A. No, sir, I had some lumber there, and sawed it and sent it to Spencerville station and shipped to different points.

Q. And was any of it sent up to Parry Sound?—A. I could not tell you; I do not know anything about it.

Mr. GODFREY.—Did you ever sell coal to Dr. Reid, of Prescott, the member?

Hon. Mr. CASSELS.—I do not think that has anything to do with this case.

Mr. GODFREY.—I thought there might be some connection.

Hon. Mr. CASSELS.—I do not think there is any connection between Dr. Reid and this matter.

Mr. BELCOURT.—In connection with the examination of Colonel Anderson, I would like to direct your lordship's attention to an order in council, dated 20th July, 1905 reciting that P. E. Parent possesses the necessary qualifications. (Reads from order in council).

Mr. WATSON.—If my learned friend is going into that—

Mr. BELCOURT.—No. I am reading from the original on the file, and directing his lordship's attention to it merely.

Mr. WATSON.—Are you going to ask him any questions about it?

Mr. BELCOURT.—No.

Hon. Mr. CASSELS.—What is the bearing of it?

Mr. WATSON.—If that is so, I will ask Colonel Gourdeau some question about it.

Mr. BELCOURT.—I am not going to ask any questions, I am simply going to answer his lordship's question. Colonel Anderson a moment ago stated that in the course of his duties he thought it was necessary, and he did, in fact, submit that letter to the deputy minister. I submit that this shows that there was no occasion for doing on the order in council.

Hon. Mr. CASSELS.—I cannot see that it is of the slightest consequence unless, coupled with his letter which he wrote to Parent he told the deputy minister the fact mentioned in the letter that goods were being bought at excessive prices.

Mr. BELCOURT.—I am only mentioning it to show Colonel Gourdeau had nothing to do with it.

Hon. Mr. CASSELS.—This statement which has been handed me as to the cost of the lighthouses does not cover all I wanted. I want to know what the country paid for them—the total cost.

Mr. FRASER.—That is everything, so far as I know.

Hon. Mr. CASSELS.—Does that appear from the records?

Mr. FRASER.—That is from the Auditor General' reports.

Hon. Mr. CASSELS.—Those statements show the total cost to the country of the different lighthouses?

Mr. FRASER.—Exactly as stated there, not including lanterns.

Hon. Mr. CASSELS.—The lanterns are there.

Mr. FRASER.—Well, that includes it. For the last two years the auditor has taken this from the ledger in the department.

(Statement, exhibit 505.)

COLONEL GOURDEAU, recalled.

By Mr. Watson:

Q. You heard the evidence, and the letter read, written by Parent from Quebec to Colonel Anderson?—A. Yes.

Q. Did that come to your knowledge?—A. It never came to my knowledge in an official way. If it did come I do not remember anything about it.

By Mr. Belcourt:

Q. There was a statement made by a witness to-day with reference to the files that were taken from the record room in your office downstairs, and I just happened to come into court at the time, but the inference was drawn that some files were destroyed. Do you know anything about that?—A. No.

Q. Do you have anything to do with that?—A. No. The only thing I could say is that after the first commission took place, and that Mr. Fraser had been suspended, it was the desire of the minister to find out if any of the charges made by that commission were borne out by facts as appeared on the files, and I was told to give Mr. Fraser—

Q. By whom?—A. By the minister, to give Mr. Fraser every opportunity of comparing with the files what had been mentioned in the report, to find out if they were correct.

Q. And the files were handed to Fraser for that purpose?—A. Yes.

Q. Do you know anything more than that?—A. And more than that, Mr. White was in the office, and gave his evidence to-day, and I told Mr. White to give him every possible opportunity in looking it up.

Q. Did you have anything to do with the work of preparing this file personally?—A. No, nothing whatever.

Q. Now, taking up the *King Edward* matter, I want to ask you if at any time was any question of chartering that steamer for any sum less than \$125 a day?—A. No.

Q. So that the statement in the telegram of the 27th May, 1904, which states the price as \$3,000, was a clerical error?—A. Yes.

Q. Manifestly so.—A. Yes.

Hon. Mr. CASSELS.—That is clear.

By Mr. Belcourt:

Q. Now, on the 14th July, 1904, a letter was addressed to you by Mr. Gregory, as follows:—

‘I have the honour to request that you be pleased to send me a copy of a contract made with Messrs. Holliday Brothers for the service of the steamer *King Edward*, so that I may know what really are the conditions they contracted to carry out.’ That is addressed to yourself?—A. Yes.

Q. Will you look at the file and say what you did with that letter when you received it? (Exhibit 416.)—A. Here is a memo. prepared by Mr. Fraser signed by Commander Spain and initiated by myself: ‘This contract was arranged by Commander Spain, who can give the desired information.’

Q. What did you do with the letter?—A. I do not think I ever saw this letter. My initials do not appear to be on it at all.

Q. What would you do with such a letter?—A. I would send it to the officer.

Q. What officer?—A. Commander Spain.

Q. There is a memorandum initialed by Commander Spain, or his name appears on the files; what is the meaning of that, Commander Spain, 19th July, 1904?—
A. Well, that was referred to him by the officer who wrote the letter.

Q. For what purpose?—A. To take action at once.

Q. What action?—A. To make a report of how the matter stood to me.

Q. Who would prepare the contract carrying out the charter party?—A. It would be Mr. Stumbles, but he would have to get his directions from Commander Spain.

Q. On the next page of the file there is a memorandum: 'This contract was arranged for by Commander Spain, who can give the desired information. This should be obtained and communicated to the agent at Quebec': and your initials are there, with the date July 28, 1904?—A. Yes.

Q. That is your memorandum that you signed?—A. Yes.

Q. The matter was handed over to that officer for the purpose of preparing the contract and communicating with the agent at Quebec?—A. Exactly.

Q. Did you have anything more to do with it?—A. I do not think so.

Q. Then, there is a letter here, on July 29, 1904, to Gregory. (Letter read.) Has that reference to the offer of \$125?

Hon. Mr. CASSELS.—That is the contract itself. The two letters form the complete contract: there was no formal contract.

Mr. BELCOURT.—I want to make this point clear: that what is referred to in this letter is the contract your lordship has described, a contract of \$125. Your lordship will see what I am driving at. So far as the minister is concerned, he knew the contract at \$125 was made. Colonel Gourdau on Saturday said this was changed on June 18. I am coming to that, and that is what I want to explain.

Q. Has that reference to a contract at \$125 a day?—A. Yes.

Q. And nothing else?—A. Nothing else.

Q. On August 1 of the same year there is a letter from Holliday Brothers in which they say, among other things, that they have good reason to believe that the work is being done to the satisfaction of the department, and they think they are entitled to \$200 a day?—A. Yes.

Q. That is addressed to the minister?—A. Yes.

Q. Have you any recollection of that letter?—A. No, I do not think I have any recollection.

Q. On August 8 of the same year, where were you?—A. I think I was in British Columbia.

Q. With whom?—A. The minister.

Q. How long did you remain away?—A. Quite a long time, I could not tell you, unless I consulted the book for my absences.

Q. How long do you think you were away?—A. I think I was away four or five weeks.

Q. On August 8, 1904, there is a letter signed H. L. McGee—who is he?—A. He was acting during my absence.

Q. Who is he?—A. An officer of the department.

Q. It is signed by H. L. McGee for Deputy Minister of Marine and Fisheries. Then, there is a letter dated August 11, 1904, from Mr. Gregory addressed to yourself in which he recommends that the price be increased up to \$200?—A. I saw that letter.

Q. You saw that letter several weeks after it was written and received at Ottawa?—A. Yes.

Q. You were then in British Columbia?—A. Yes.

By Hon. Mr. Cassels:

Q. On your way?—A. Yes.

Mr. WATSON.—That is a letter in answer to a letter the colonel wrote to Gregory.

Mr. BELCOURT.—No, it is in answer to a letter H. L. McGee wrote, which makes all the difference in the world.

Q. Have you any recollection about the time you heard for the first time of this recommendation of Mr. Gregory that the amount should be raised to \$200? Have you any idea?—A. No. Put that question again.

Q. Can you now give us any idea when, for the first time, you knew that Mr. Gregory had recommended that the price be increased to \$200?—A. No. I cannot remember.

Q. Was it before or after you went to British Columbia?—A. Oh, it was after.

Q. You were therefore mistaken on Saturday, when you said it was some time in June?

Mr. WATSON.—Well, now.

A. I confessed at the time that that was a file which I was not conversant with, and the greatest proof I can give is that I was away at the time.

By Mr. Belcourt:

Q. You have had an opportunity of looking at this file since your examination?—A. Yes.

Q. Had you looked at the file before your examination?—A. Yes. Mr. Watson was kind enough to let me have the file but I only saw it for a very short time after it had been put in perfect order.

Q. Will you say whether or not you were mistaken on Saturday, when you said it was on the 18th June?—A. Certainly I was mistaken.

Mr. BELCOURT.—I will ask Mrs. Thomas to produce the letter book in which the letters were copied.

ANGELA THOMAS recalled.

By Mr. Belcourt:

Q. I want the copy of a letter dated 11th November, 1904?—A. Here it is.

Q. I will compare this with you. (Letter read). How does that compare with your copy?—A. It is signed by W. L. McGee.

Q. Acting for deputy minister?—A. Yes.

By Mr. Watson:

Q. When was 'W. L. McGee' written in there?—A. When he signed the letter.

Q. Who has charge of that book?—A. The Records Branch.

Q. You have access to that book daily?—A. Yes.

By Mr. Belcourt:

Q. Have you any hesitation in saying that that is a copy of the letter as it was sent on that day?—A. I am sure it was. Mr. McGee is not in the department now. He has been superannuated three or four years.

Q. Can there be any manner of doubt this is the letter sent that day, of which this is an imperfect copy?—A. I have no doubt whatever.

By Mr. Watson:

Q. Do I understand that you are here to state that that letter was written and signed that day by Mr. McGee?—A. I do not say it was written and signed by Mr. McGee. I know nothing about that.

By Mr. Belcourt:

Q. Do you know Mr. McGee's signature?—A. Yes, perfectly familiar with it.

Q. Whose signature is that at the bottom?—A. Mr. McGee's. I have seen him sign letters.

Q. Have you any doubt whatever it is his?—A. I have no doubt whatever.

Mr. BELCOURT.—There are hundreds of letters in the same way.

Mr. WATSON.—This does not change the position.

Mr. BELCOURT.—I think it does materially.

COLONEL GOURDEAU examination resumed.

By Mr. Belcourt:

Q. Is that the letter you had reference to when you made the statement with reference to the letter containing misstatements of facts?—A. That is the letter. Because I could not recall having written such a letter, although my name appeared on the letter.

Q. This letter was put in as having been signed by you?—A. Yes.

Mr. BELCOURT.—Your lordship remembers it.

HON. Mr. CASSELS.—Yes, I remember it. How does it appear on the file?

Mr. BELCOURT.—‘Deputy Minister of Marine and Fisheries.’ I think the witness was perfectly right in saying that file was not correct.

HON. Mr. CASSELS.—Some say ‘For Deputy Minister,’ and some just ‘Deputy Minister.’ Take this letter of the 11th November, ‘Your obedient servant’ and the ‘For’ is written in ink.

WITNESS.—Yes.

Mr. BELCOURT.—And the ‘For’ in the handwriting of Mr. McGee.

Q. Whose handwriting is the word ‘For’?—A. That is Mr. McGee’s.

Q. At page 40 of the record ‘Memorandum for Deputy Minister. Construction for the work in the Gulf of St. Lawrence was carried out with the assistance of the steamer *King Edward*.’ This is dated 17th January, 1904. I think it must be 1905, because the date is given at two places, one as 1904 and one as 1905. ‘Chartered at the rate of \$180 per diem,’ etc. Then in ink ‘I concur this boat should be under our orders and at our disposal and not under agent’s control, and should be first of all a cargo boat, W.P.A., 17th January, 1905.’ And immediately under that the initials of the minister, and below that again ‘Prepare a statement of expenditure of hiring boats.’ R.P. Do you recollect seeing this memorandum?—A Yes. I think the matter must have been between Colonel Anderson and the minister. I do not say in some cases I may not—

Q. You remember the memorandum now?—A. Yes.

Q. When you were under examination last time did you remember the memorandum?—A. No.

HON. Mr. CASSELS.—The document is incorrect on its face. It was not chartered at \$120 a day. It was chartered at \$125 a day, and according to Colonel Gourdeau’s evidence, it was changed to \$200.

Mr. BELCOURT.—Subsequently changed to \$180.

HON. Mr. CASSELS.—No, it was never changed to \$180. But at the conclusion of the work, because Holliday had not completed his work, he was docked \$20 a day.

Mr. BELCOURT.—The net price was fixed at \$125, and the minister by a memorandum I have shown increased it to \$200, and when the accounts came in, it appears Hollidays’ boat had been used for their own work, and they were docked \$20 a day.

HON. Mr. CASSELS.—Yes, that is what I say, but the charter party was \$200. The other was an offset against Holliday Brothers having used the boat for their own work.

Mr. BELCOURT.—There is another error there of date.

Hon. Mr. CASSELS.—The settlement is at \$180, and we can argue it out afterwards.

By Mr. Belcourt:

Q. What did you have to pay for the boat the following year?—A. \$200: I remember that perfectly well.

Q. On November 20, 1905, there is a letter from yourself to Mr. Gregory, 'The department is in receipt of a letter from the Auditor General inquiring about the payment of \$20,792, made to the People's Bank of Halifax, for the steamship *King Edward*, &c. That was after you received the account?—A. Yes.

Q. And you made the inquiry in order to ascertain whether the amount was properly payable or not?—A. Exactly.

By Mr. Watson:

Q. November 20, 1905?—A. That was next year, when we were squaring up the account.

By Mr. Belcourt:

Q. Do you remember if you had paid the money then?—A. That is a matter in connection with the Auditor General.

Q. The money was paid then?—A. It must have been.

Q. Did you know that before that time that the written document, or charter party, had not been executed?—A. I knew nothing at all about it.

Q. You did not know it had been executed?—A. No.

Q. I suppose you assumed your instructions given at the time that the document was prepared, as shown by the memorandum I read previously, had been carried out?—A. Yes.

Q. And that the charter party had been sent down to Quebec for execution?—A. Yes.

Q. Why did you send it down to Quebec?—A. I simply wanted to complete the record.

Q. You ascertained that the charter party had not been signed?—A. Yes.

Q. And it was then you sent it to Gregory for execution?—A. Yes.

Q. And it was then you sent it to Gregory for execution?—A. Yes.

Q. Was that the time it was executed?—A. It is a matter of four years ago, and I could not recollect it, except the salient points.

Q. Was there any reason for sending a written document at that time, except, as you say, to complete the record to comply with the Auditor General?—A. Yes.

Q. Was there any other reason?—A. No other reason.

Q. Can you remember now at what time you discussed the matter of the increase in price with the minister?—A. No, I could not tell you that. The matter came up at the beginning, and it came up during that year.

Q. Will you say now who it was ordered the prices to be increased to \$200?—A. It was the minister, certainly.

Q. Do you recollect that?—A. Certainly.

Q. Have you a distinct recollection?—A. Certainly, a distinct recollection.

By Mr. Watson:

Q. Your evidence in your last answers is directly opposed, as I recollect, to the evidence you gave on the last occasion?—A. It might be.

Mr. WATSON.—Then it is a matter of regret for us to say that we have not been able to bring before your lordship here two or three witnesses from Halifax, who were referred to at the close of the sittings there; Mr. Macpherson was one of the witnesses, and we are informed now that he has not yet returned. Your lordship will recollect

that it transpired there that he was absent, I think in Europe, and did not return, so that we have not been able to get his attendance. Then further, there was a witness by the name of Hindes, who was foreman of Langard Brothers. It was he that had the transactions, apparently—

Hon. Mr. CASSELS.—Traveller?

Mr. WATSON.—Yes. Now, it is unfortunate our information in the last day or so—and our information from time to time—is that Hindes has not yet returned. Your lordship will recollect the circumstances with regard to his absence, the telegraph communications that had passed, the same condition of affairs apparently exist and he has not yet returned. Then we wish to put upon the files formally Merwin's accounts and the W. L. Brooks & Company accounts; (Exhibit 508) and your lordship will recollect, too, that during the examination of Mr. Merwin at Montreal that it was understood and arranged at that time that the evidence given before the Public Accounts Committee should go in as of record.

Hon. Mr. CASSELS.—As to prices.

Mr. WATSON.—So that I desire that that should be noted and made of record. Then those Canadian Fog Signal statement and accounts, and the New York Company—that is the Safety Car and Heating Company's accounts—and also the Submarine Company of Boston. Their accounts and statements will be made of record. (Exhibit 508). Then I may just state, my lord, that, after conferring with your lordship, my learned friend Mr. Perron and I are now of the opinion that it is not necessary that the sittings of the commission should be further extended for the purpose of evidence. My learned friend and I have fully carried out the instructions given to us on behalf of the government at the time of our retainer. Your lordship I think will appreciate that the work has been most arduous and the material more or less involved. Of course there may be matters of detail that have not been fully developed. To do that would be almost interminable, but my learned friend and I have, we think, introduced and applied all the necessary evidence, and we think as it stands it meets the full requirements imposed by the commission as issued. I have only further to say, my lord, that we have endeavoured to perform the whole obligation resting upon us in the premises.

Hon. Mr. CASSELS.—Mr. Watson, I would like to make a few remarks, and one is that everything has been cleared up, with the exception of British Columbia and Prince Edward Island. I came to the conclusion it was not advisable to go to the enormous expense of going out to British Columbia, especially as the agents there are not charged with wrong-doing. If it becomes necessary later on, and the will of the government that it should be finished up, I will go; but it seems to me unnecessary. Another thing I would like to say is this: that this reference has assumed enormous proportions, and that arises from the ruling which I made at the beginning as to the manner in which the reference was to be carried out. My commission, or rather, the power which are given to me, have been very greatly misconstrued by the general public, and I think that is owing to the enormous mass of work which has been done. I am merely instructed to ascertain whether or not these officials, or any of them, are guilty of the charges which are implied by the report of the Civil Service Commission. I am not here to take account of overpayments. That is not a matter within my sphere, nor is it within my jurisdiction. What I thought at the beginning was that there was no use in going into a commission of this kind, and calling employee after employee and asking them, 'Did you receive money from any of the contractors'? In that way I could have got through it in a week with ease and comfort. I thought the only way it could be traced was by laying down what I did lay down, that the contract during these periods covered by Commissioner Fyshe and Bazin's report should be produced, that the prices paid should be ascertained, that the current

market rates prevailing at the time should be arrived at, and if it turned out that higher prices had been paid than the market rates were, then the official should be called upon to explain, and it is by reason of that ruling, and for the purpose of getting at the true facts whether officials had received moneys that I put my interpretation upon my instructions. That has involved an enormous range of subject, and brought up an enormous mass of matter. I can only say that, as far as the conduct of the case is concerned, I expressed at the opening of the commission the utmost confidence in both you and Mr. Perron, and the utmost confidence that everything I directed and would direct, would be carried out, and I can simply say that the mass of work that you two gentlemen have performed is unknown to anybody, possibly, but myself; and that you and Mr. Perron are entitled to the full credit for any good results which may follow this commission.

I would like to say before closing that I desire to recognize the great help and aid that has been afforded by the presence of Mr. Morse. It is essential that in a commission of this nature a secretary should be named in whom I had every confidence. You know, as well as Mr. Perron, the difficulties we have met with everywhere we have gone, naturally, and I think both you and Mr. Perron certainly recognize that the services of Dr. Morse have been most valuable. He has collected and taken charge of these papers, a mass of exhibits, 500 in number, which he expects me to read between this and sometime, I don't know when, and has numbered and placed them in proper order, and he will also be at my service when I come to make my report. I should not like to have the commission closed without expressing my appreciation of his services.

Mr. WATSON.—There can be no question the service of Dr. Morse have been exceedingly valuable. He has had a very difficult duty to perform; and in connection with that I would ask that your lordship, as Commissioner, should give such direction or recommendation in writing as may be necessary to present, for the purpose of providing for proper remuneration for the services rendered.

Hon. Mr. CASSELS.—Of course I take it for granted that Mr. Morse's services will be remunerated, the same as any other services will be remunerated. With regard to making an order, I have no power to do it, but I take it for granted he will be remunerated.

Mr. GODFREY.—There are two matters I wish to draw your attention to. I asked Mr. McPhair to prepare précis of the file relating to the Scout buoys, and I do not know whether that is in or not.

Hon. Mr. CASSELS.—I think it will be put in.

Mr. GODFREY.—There is another matter I want to refer to, and that is regarding the two files put in last night relating to the carbide test and the Brook's contract. Mr. Fraser's explanation does not appear on file.

Hon. Mr. CASSELS.—I think you are mistaken. I think you will find everything is on record.

Mr. GODFREY.—I think there is no explanation on the Brooks' contract, and there was some communication with the minister by way of explanation. Mr. Brodeur told me last night—

Mr. WATSON.—Oh, no.

Mr. GODFREY.—I would ask that Mr. Fraser be allowed to complete that file by making the explanation.

Hon. Mr. CASSELS.—Everything is in the file before me and I will go through it carefully.

Mr. GODFREY.—I do not think it. I would ask that Mr. Fraser be called.

Hon. Mr. CASSELS.—Have you called Mr. Morse's attention to where the file is not complete—

Mr. GODFREY.—I am not complaining about that. At the time of Fraser's explanation, his explanation was not put in, and it was subsequently made in a way that does not appear on the file. I would ask that Mr. Fraser be allowed to send his explanation to Dr. Morse.

Hon. Mr. CASSELS.—He can send his explanation; whether I will accept it or not is another matter.

Mr. WATSON.—Any statement under oath will not be received.

